Financial Review

KEY HIGHLIGHTS

₹ 9,087 Crores
Consolidated Revenue (For FY 2023)

₹ 9,969 Crores
Net Profit[1] (For FY 2023)

₹ 83,752 Crores
Total Assets (As of March 31, 2023)

₹ 31,059 Crores
Overall Equity[2] (As of March 31, 2023)

3 Million
Customer Franchise (As of March 31, 2023)

404
Branches (As of March 31, 2023)

3.8%
GNPA (FY 2023)

1.9%
NNPA (FY 2023)

Note:
[1] Exceptional gain of ₹ 8,066 Crores in FY 2023 pertaining to demerger related transaction
[2] Equity is excluding Pharma business

Balance Sheet Performance

FY 2023 was a milestone year for the Company, marked by the demerger of the Piramal group into Financial Services and Pharma centric entities.

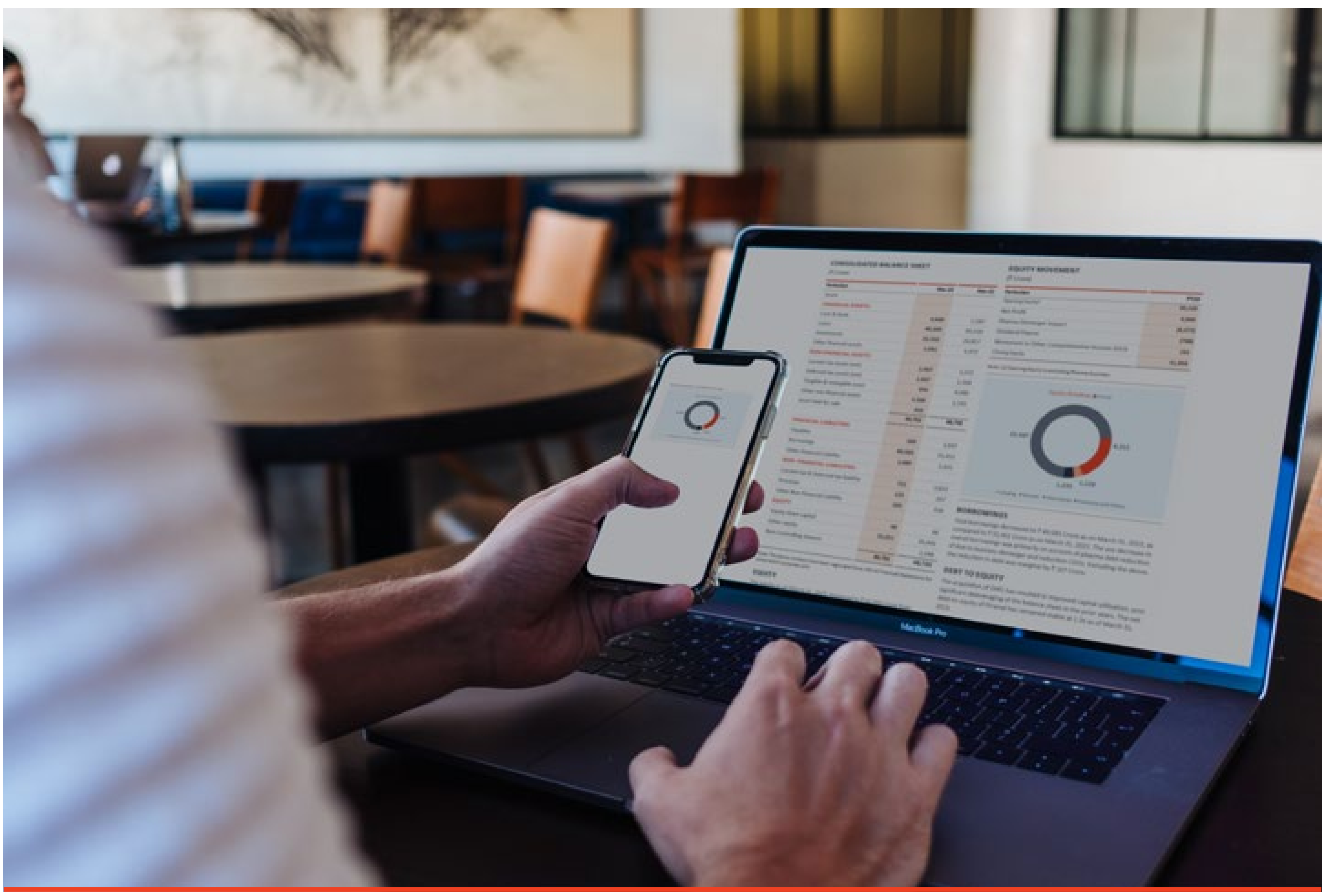
As part of the demerger of Piramal Pharma, we conducted the fair valuation of the PPL undertaking on 1st April 2022. The book value of Pharma business (excluding minority interest) in Piramal worth ₹ 5,368 Crores was fair valued to ₹ 12,982 Crore

The difference between the Fair Value amount and the Book Value amount of ₹ 7,614 Crores was accounted through the P&L in Q1FY23 with corresponding increase in net asset value of Pharma business. Further, in August 2022 on receipt of the NCLT order approving the demerger, the business was again revalued in line with IndAS10 requirements. In this process, additional ₹ 760 Crores was further accounted as gain in the P&L in Q2 FY23 which too was accounted through the P&L in Q2FY23 with corresponding increase in net asset value of Pharma business

As on NCLT approval date, August 12, 2022, the Pharma business equity was ₹ 13,742 Crores represented by equivalent net assets. On demerger of Pharma business, the net assets of ₹ 13,742 Crores got transferred to Piramal Pharma Limited and equivalent debit was accounted in Retained Earnings. In addition, exceptional reorganisation cost of ₹ 308 Crores (net of taxes) was also incurred, comprising prepayments on borrowings, PEL's share of stamp duty cost etc. The net gain in P&L on account of fair valuation was net worth neutral.

Total Assets stood at ₹ 83,752 Crores as of March 2023.

Since FY 2019, the Company has taken several measures to strengthen its balance sheet, including fund raising and balance sheet deleveraging. The Company has a strong equity base of ₹ 31,059 Crores of equity, and strong liquidity with cash and liquid investments of ₹ 7,430 Crores despite of all the provisions undertaken during FY 2023.



CONSOLIDATED BALANCE SHEET

(₹ Crores)

Particulars	Mar-23	Mar-22
ASSETS		
FINANCIAL ASSETS:		
Cash & Bank	**4,649**	7,187
Loans	**46,395**	49,318
Investments	**22,332**	24,857
Other financial assets	**1,061**	4,472
NON-FINANCIAL ASSETS:		
Current tax assets (net)	**1,467**	1,212
Deferred tax assets (net)	**1,847**	1,368
Tangible & Intangible asset	**959**	8,986
Other non-financial assets	**4,588**	1,335
Asset held for sale	**459**	-
	83,752	**98,735**
FINANCIAL LIABILITIES:		
Payables	**399**	1,697
Borrowings	**49,583**	55,451
Other Financial Liability	**1,685**	1,421
NON-FINANCIAL LIABILITIES:		
Current tax & Deferred tax liability	**721**	3,822
Provision	**123**	207
Other Non-Financial Liability	**183**	438
EQUITY		
Equity share capital	**48**	48
Other equity	**31,011**	35,441
Non-Controlling Interest	**-**	1,348
	83,752	**98,735**

Note: The above numbers have been regrouped from IND AS Financial Statements for presentation purposes only

EQUITY

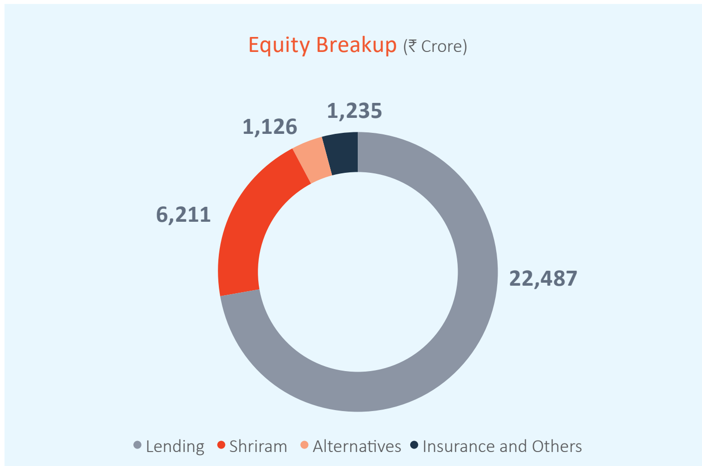
The equity as on March 31, 2023, increased to ₹ 31,059 Crores from ₹ 30,120 Crores excluding the Pharma business of ₹ 5369 Crores as of March 31, 2022, primarily due to earnings accretion during the year.

EQUITY MOVEMENT

(₹ Crores)

Particulars	FY 2023
Opening Equity[1]	**30,120**
Net Profit	**9,969**
Pharma Demerger Impact	**(8,372)**
Dividend Payout	**(788)**
Movement in Other Comprehensive Income (OCI)	**131**
Closing Equity	**31,059**

Note: (1) Opening Equity is excluding Pharma business



BORROWINGS

Total borrowings decreased to ₹ 49,583 Crores as on March 31, 2023, as compared to ₹ 55,451 Crores as on March 31, 2022. The yoy decrease in overall borrowings was primarily on account of pharma debt reduction of due to business demerger and reduction of CDOs. Excluding the above, the reduction in debt was marginal by ₹ 107 Crore.

DEBT TO EQUITY

The acquisition of DHFL has resulted in improved capital utilisation, post significant deleveraging of the balance sheet in the prior years. The net debt-to-equity of Piramal has remained stable at 1.3x as of March 31, 2023.

AUM

AUM remained stable at ₹ 63,989 Crores as on March 31, 2023, as compared to ₹ 65,185 Crores as on March 31, 2022, primarily driven by the retail loan book growth. However, this was partly offset by a reduction in the wholesale loan book, which was in line with the Company's stated strategy of making this book more granular and diversified. The overall portfolio mix of Retail: Wholesale loans has changed favourably from 33:67 as of March 2022 to 50:50 as of March 2023.

Profit and Loss

PEL delivered a resilient performance in FY 2023

Income from business increased 16% yoy to ₹ 8,934 Crores as compared ₹ 7,726 Crores in FY 2022. The yoy increase was primarily driven by an increase in AUM on account of retail lending loan book growth, new business in Wholesale 2.0, which was partly offset by a reduction in the Wholesale 1.0 loan book, in line with the Company's stated strategy to make the business more retail oriented.

CONSOLIDATED PROFIT AND LOSS STATEMENT

(₹ Crores)

Consolidated Income Statement	FY 2023	FY 2022	YOY %
Interest Income	7,799	7,523	4
Other Operating Income [1]	1,136	203	460
Total Operating Income	8,934	**7,726**	**16**
Less: Interest Expense	4,041	4,282	-6
NET INTEREST INCOME	4,893	3,444	42
Other Income	152	185	-18
Total Income, net of interest expenses	5,045	**3,629**	**39**
Less: Operating expenses	2,215	1,172	89
PRE-PROVISION OPERATING PROFIT (PPOP)	2,830	2,457	15
Less: Loan Loss Provisions & FV loss/(Gain)	5,179	830	524
Less: Shriram FV loss/(Gain) [2]	115	-	NA
PROFIT BEFORE TAX	(2,464)	1,628	-251
Current & Deferred Tax [3]	(3,978)	406	-1,079
PROFIT AFTER TAX (PAT)	1,514	1,221	24
Associate Income	389	594	-35
PAT BEFORE EXCEPTIONAL GAIN	1,902	1,815	5
Exceptional (Expense) / Gain [4]	8,066	(153)	-5,375
PAT AFTER EXCEPTIONAL GAIN	9,969	1,662	500
Profit from Discontinuing Operation	-	337	-100
REPORTED NET PROFIT / LOSS AFTER TAX	9,969	1,999	399

Notes:
(1) Includes ₹ 717 Crores of gains on account of initial recognition w.r.t. restructuring of Shriram Investments
(2) Refers to subsequent mark to market (MTM) loss / gain on Shriram investments
(3) ₹ 3,328 Crores of reversal of income tax provision
(4) Exceptional gain of ₹ 8,066 Crores in FY 2023 pertaining to demerger related transaction

Interest income

Interest income saw a modest YoY increase of 4% YoY to ₹ 7,799 Crores in FY 2023, as loan book growth, was largely offset by a decline in yields (amid ongoing reduction of the wholesale loan book and a shift in the loan book mix towards retail).

Interest expenses

While incremental cost of funds continued to decline during FY 2023, interest expenses declined 6% YoY to ₹ 4,041 Crores in FY 2023.

Net interest income (NII)

NII increased 42% YoY to ₹ 4,893, amidst a shift in the loan book mix towards retail, interest reversal, and the impact of negative carry due to excess cash held on the balance sheet.

Operating expenses

Operating expenses increased 89% yoy to ₹ 2,215 Crores from ₹ 1,172 Crores in FY 2022 primarily due to full year impact of DHFL acquisition and continued expansion on our retail business branches from 309 branches as on FY 2022 to 404 branches as of FY 2023.

Credit costs

Annualized credit cost for Q4FY23 for the lending business stood at 1.9%. We continue to remain vigilant across our portfolio and maintain conservative provisioning to take care of contingencies arising in the future.

Provisions & fair value

Provisions and FV For FY 2023, the overall provisions and Fair Value increased to ₹ 5,295 Crores from ₹ 830 Crores in FY 2022. The yoy increase was primarily driven by resolution of legacy wholesale book i.e. Wholesale 1.0.

Finance costs

Finance costs for FY 2023 decreased 6% yoy to ₹ 4,041 Crores from ₹ 4,282 Crores in FY 2022 due to reduction in borrowing cost for the year. The average cost of borrowings declined 100 bps basis points yoy to 8.6% despite an increasing interest rate environment.

Operating expenses

Operating expenses increased 89% yoy to ₹ 2,215 Crores from ₹ 1,172 Crores in FY 2022 primarily due to expenses associated with expansion of the retail lending business. Investments in retail infrastructure like increase in branch network and employee headcount have led to increase in the operating expenses.

Income from share of associates

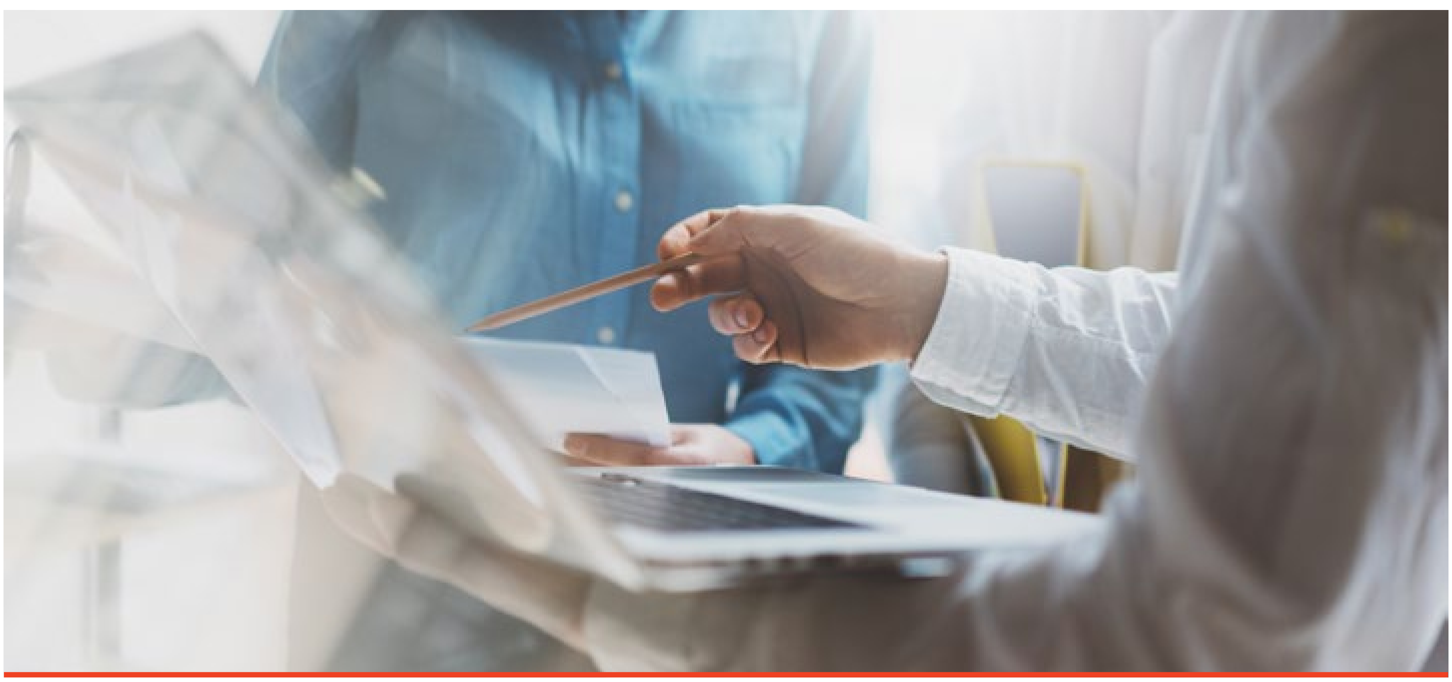
The share of net profit of associates and joint ventures decreased 35% yoy to ₹ 389 Crores from ₹ 594 Crores in FY 2022. Post restructuring investment in Shriram it is no longer accounted under Associate Income. This primarily includes the Company's share of profits in insurance business and Alternative funds.

Net profit after tax

Reported net profit after tax for FY 2023 stood at ₹ 9,969 Crores, as compared to ₹ 1,662 Crores in FY 2022. In FY 2023, the net profit includes exceptional gain of ₹ 8,066 Crores in FY 2023 pertaining to demerger related transaction.

Dividend

The Board has recommended a dividend of ₹ 31 per share, subject to approval of the shareholders at the Annual General Meeting. The total dividend pay-out on this account would be ₹ 740 Crores (dividend pay-out ratio of 39%).



MACROECONOMIC OVERVIEW

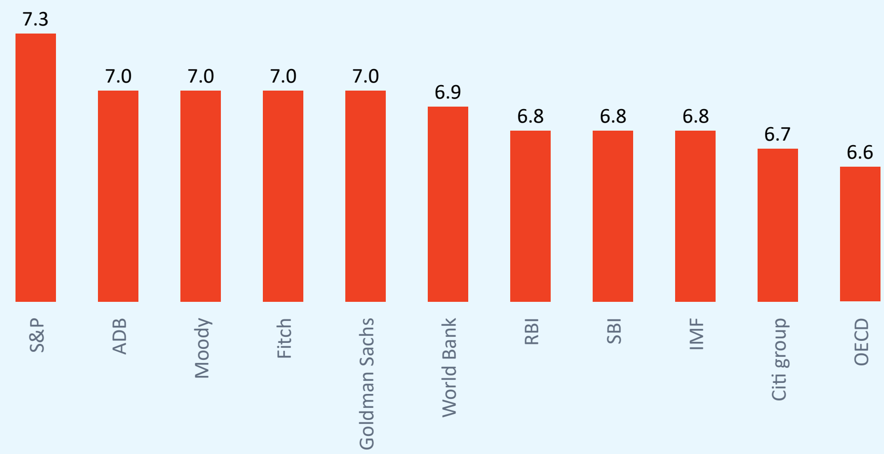
The global economy has seen continued shocks and substantial slowdown since 2020. Covid-19 had a significant impact, followed by the Russia-Ukraine conflict which caused a steep rise in inflation and commodity prices. Since then, the different world economies are striving to fight inflationary pressures, causing them to continuously hike rates, resulting in a slowdown in growth. IMF too lowered its growth forecast for 2022 and 2023. In January 2023, the World Economic Outlook Update projects that global growth slowdown will be more pronounced for Advanced economies than Emerging and Developing economies. Advanced economies Real GDP growth is projected at 1.3% in 2023 vis-à-vis 3.9% for Emerging and Developing economies.

Indian economy was resilient in the face of this global turmoil and on the path to recovering to pre pandemic levels. Projected to be one of the fastest growing economies at 6.5%-7.0%[1] in FY 2023, India has revived on the back of public spending, private consumption and capital formation. The first eight months of FY 2023 saw an increase of 63.4%[2] year on year in Central Government's Capital Expenditure, catalysing private Capex

Buoyant consumption, release of pent-up demand saw accelerated growth in not only personal loans but also in the housing market. Housing bank credit growth witnessed an uptick as housing inventories continue to decline.

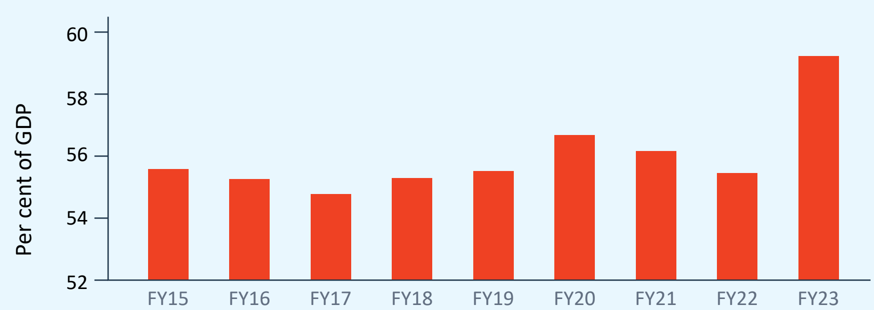
India growth projections by various agencies for FY 2023 (%)

Average Growth = 6.9%



Source: Various Agencies | Note: ADB stands for Asian Development Bank, IMF is International Monetary Fund

Private consumption highest since FY 2015 across H1



Source: NSO, MoSPI

PILLARS OF GROWTH AND LIKELY RISKS IN FY 2024

The NBFC landscape continues to evolve rapidly adapting to economic challenges, regulatory changes, and weathering industry volatility. NBFCs play a very important role in the financial sector as evident in the increase in industry AUM from ₹ 3.6[3] Lakhs Crores in March 2008 to ₹ 27 Lakhs Crores in March 2022, which is equivalent to 12.3% of India's GDP. NBFCs compliment banks in attaining India's financial inclusion goals by supporting large sections of MSMEs and retail borrowers even in smaller tier 2 and 3 towns. Improving macro-economic fundamentals will continue to drive the NBFC space given the visible improvement in asset quality and balance sheet strength post pandemic. While competition from Banks continue in the traditional segments of home loans and new vehicle finance, there is substantial growth in NBFCs in other non-traditional segments like MSMEs, Personal Loans etc. Digital thrust, use of technology, deep expertise, partnerships, and recovery in asset quality have all led to stronger fundamentals. FY 2024 expects to see NBFCs AUM grow at 13%-14%[4]. Retailisation and diversification of portfolio strategies will help retail focused NBFCs grow at 12-14% in FY 2024 according to ICRA reports published in March 2023.Additionally, easing liquidity pressures, moderation of credit costs, improved collections, controlled slippages and stable operating costs will help drive sector profitability. Group level credit risk stress test conducted by RBI shows CRAR of NBFCs would remain above minimum regulatory requirement of 15% in baseline, medium and high-risk scenarios. This highlights resilience of the NBFC sector. Similarly, group level interest rate risk stress test shows positive impact on NBFCs' earnings under scenarios of increase in interest rate due to their rate sensitive assets being higher than rate sensitive liabilities.

Note:

[1,2] The Economic Survey 2022-2023
[3,4] Crisil Assocham Report on NBFCs

BUSINESS OVERVIEW

The Company offers a wide range of financial products and solutions, with exposure across both Retail and Wholesale lending. As of March 31, 2023, the business had an AUM of ₹ 63,989 Crores. Over the past few years, the Company has consistently diversified its exposure through its strong presence in the following sub-segments:

RETAIL LENDING

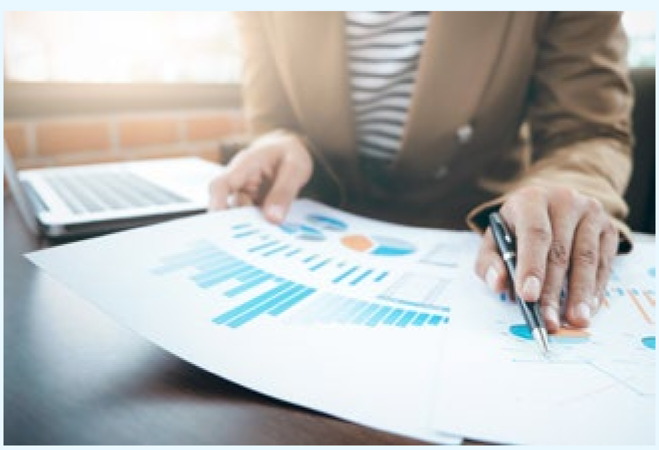
A multi-product retail lending platform, which is 'digital at the core'

Significant in size and scale; one of the largest Housing Finance Companies (HFC) in India

Holding large securitised, fee-earning assets (off-balance sheet)

WHOLESALE LENDING

Loans to real estate developers, as well as select mid-market corporates



ALTERNATIVES

Various investment platforms and JVs, with marquee partners

LIFE INSURANCE

JV with Prudential International Insurance Holdings

BUILDING A SUSTAINABLE AND RESILIENT BUSINESS MODEL

One year into the successful integration of DHFL, we are focused on delivering sustainable growth and building a resilient business model. With the appropriate foundational levers in place PEL is poised to deliver.

Last year PEL witnessed significant growth and scale across many key performance indicators. The retail financing business saw consistent growth across AUM, number of branches, customer franchise, number of products launched and thereby disbursements. Our strategy of leveraging the physical branch network and technology platform has been a key driver of this growth. Cross selling to a large and growing customer franchise has resulted in significant growth not only in Home Loans but other products as well. As the branches have started offering multi-products, the loan book has become more granular in nature. We are on track to achieve the stated aspirations of the Retail: Wholesale loan book mix at 2/3rd and 1/3rd respectively. The mix significantly improved to 50:50 at the end of March 2023.

Risk management has been at the forefront of PEL's key focus area last year. In the last two to three years concentrated efforts have been made to become a diversified lender vis-à-vis' being Wholesale driven. Apart from becoming more retail in nature the Company has consciously driven the business strategy of becoming more granular, multi product and catering to a multitude of customers from varied markets. All of which enables us to diversify risk and thereby become much more resilient during the different market cycles. Our dedicated Enterprise Risk Management system has been strengthened even further owing to the demerger and creation of a dedicated NBFC entity. Governed by stringent RBI regulations, the processes, Boards and Committees have been fortified to independently evaluate the risk policies, processes and look into each aspect critically. Our proactive approach is to ensure that risk is nipped at the operational level itself. With a more micro approach required for the Retail businesses, the Company has built all risk management operations on the back of cutting-edge technology and use of AI/ML. Proprietary score cards and data driven capabilities ensure superior risk management while maintaining costs. For the Wholesale business, the focus is on building a granular, cash-flow and asset backed loan book with less concentration risk. Smaller ticket sizes, reduced single borrower exposures and spread across geographies, Wholesale 2.0 is built out with the aim of ensuring growth without compromising on risk management. Proactive risk management will result in a superior risk management process.

A balance between the three principal vectors of growth, risk and profitability will ensure sustainable and steady profitability for a financial services firm in future. Setting the foundations for profitable businesses require a long-term view and aspirations.

PEL'S STATED ASPIRATIONS FOR THE MID-TERM

We have drawn our strategic priorities for the medium term, wherein we intend to achieve the following:

- **Mid to high teens AUM growth**
- **AUM mix of 2/3rd Retail and 1/3rd Wholesale**
- **Lending to 'Bharat' markets in Retail lending**
- **Tech and Analytics at the core of lending**
- **Building a new granular Wholesale lending**
- **Conservative liabilities mix**
- **Opportunistic inorganic plays**
- **3% ROA, Mid teens ROE**

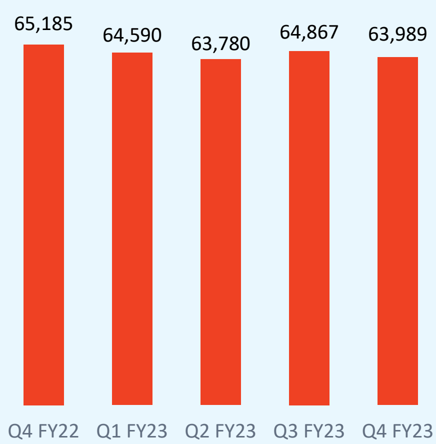
The focus last year has been on establishing niche product lines and scaling up the business in both Retail and Wholesale. The new Wholesale 2.0 book will be granular cash-flow backed loan book while the Wholesale 1.0 book is reducing gradually. Substantial investments in scaling up the cost intensive retail business also saw elevated operational costs. With increase in book size, economies of scale will help taper this over time. The Company is looking to add 500-600 branches per annum taking the total to 1000 locations.

Demerger into sector focused entities will not only provide structure simplification, but also focused, long term value accretive business strategies. Industry focused experienced talent, strong governance structures coupled with a well-capitalized entity will ensure long term sustainable growth. While the profitability has been subdued with owing to lasting impact of Covid-19, with changing economic cycles, retail business builds out and revival in the real estate sector, we expect significant improvement in the financial performance of the Company in the medium term.

Our total Assets under Management stood at ₹ 63,989 Crores as on March 31, 2023. While our Retail AUM witnessed a robust 49% yoy growth to ₹ 32,144 Crores from ₹ 21,552 Crores in FY 2022, the Wholesale 1.0 AUM reduced by 33% YoY to ₹ 29,053 Crores from ₹ 43,175 Crores in FY 2022 in line with our stated strategy. We have built a Wholesale 2.0 AUM worth ₹ 2,792 Crores across Real Estate and Corporate Mid-Market Lending. This has resulted in significantly improving our Retail: Wholesale mix to 50:50 from 33:67 in FY 2022. The Company aims to achieve a loan book mix of 2/3rd retail, and 1/3rd wholesale in long term

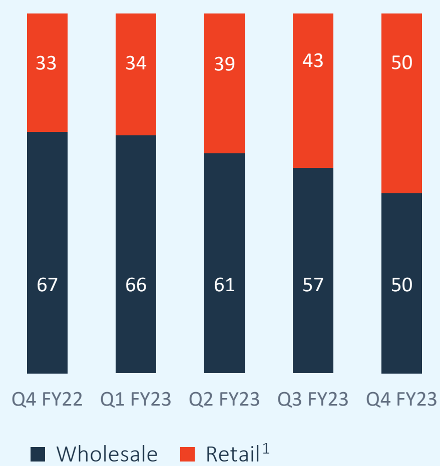
AUM remain stable despite changing AUM Mix

(in ₹ Crores)



AUM Mix improved to 50:50

(%)



[1] Retail AUM includes Security Receipts (SRs) & Pass-through certificates (PTC) and excludes acquired off-book assets in the nature of Direct Assignment (DA) & PTC as part of the DHFL acquisition

Retail Lending

INDUSTRY OVERVIEW

India's household debt-to-nominal GDP in March 22 stood at 14% and it has been significantly lower than Brazil (20%), China (62%), US (66%), and the UK (90%). This indicates significant untapped growth potential and a large market opportunity.

According to a study, the size of the total lending market in India has grown to ₹ 174 Lakhs Crores[1] at the end of FY 2022, with retail loans contributing 48.9%[1]. The share of commercial loans was at 49.5%[1] and the balance 1.6%[1] was contributed by microfinance.

Retail lending market in India witnessed 11.1% YoY growth[1] and stood at ₹ 85 Lakhs Crores[1] (across Banks, NBFCs, HFCs etc.) in FY 2022. FY 2023 witnessed a healthy growth in housing loans, and NBFC market share remained stable at 34%[2]. The driving factors of this growth are strong demand, favourable demographic factors, and entry of new competitors in housing loan space. Ticket size-wise disbursement trends at Indian NBFCs, show that the ₹ 25-75 Lakhs segment continues to be the major part and accounts for 46[2]% of the total loans.

Increasing digital penetration and tech revolution by FinTechs are helping NBFCs to build their retail book at a faster pace. NBFCs in the past 5 years have reclaimed ~5% of market share of personal loans from banks and currently holds a market share of 20%[2].

The housing finance market is valued as ~₹ 25 Lakhs Crores[1] as of March 2022. Increasing urbanization, affordable mortgage rates, demand from first-time home buyers are some of the key factors that are expected to propel the growth of the housing finance market. It is estimated that India's urban population is expected to grow to 814 Million by 2050 as compared to 410 Million in 2014. 25 Million units of affordable housing will be required by 2030 to house India's rising urban population. The Government is also focused on urbanization of cities. Union Budget 2023-24 announced the setting up of the Urban Infrastructure Development Fund (UIDF) through use of priority sector lending shortfall. ₹ 10,000[4] Crores per annum will be made available for this purpose. The Fund will be to create urban infrastructure in Tier 2 and Tier 3 cities. Ministry of Housing and Urban Affairs is implementing Pradhan Mantri Awas Yojana-Urban (PMAY-U) "Housing for All" Mission since June 25, 2015 for providing pucca house with basic amenities to all eligible urban beneficiaries including slum dwellers across the country.

Availability of rich credit data and adoption of digital lending has facilitated MSMEs to swift access to credit exposure . The overall MSME credit exposure in India is ₹ 22.9 Lakhs crores as of Sept 2022, reflecting a yoy growth of 10.6%. There is a huge growth potential in India's MSME lending market. NBFCs by virtue of their robust credit mechanism are playing a lead role in underwriting these MSME loans through direct lending as well as co-lending with banks. and have shown huge confidence while lending to this segment. The current market share of NBFCs in MSME credit space remains stable at 19%(BCG)

According to a report by BCG, in FY 2023, the market share of NBFCs remained stable across most product segments despite wide scale disruptions starting with IL&FS crisis in FY 2019 followed by COVID in FY 2021– 34% in housing loan, 20% in personal loans, 19% in MSME loans, 47% in auto loans, 2% in gold loans. We believe that NBFCs/HFCs are strongly positioned to meet the evolving needs of the customers with last-mile reach, domain expertise, and lower turn-around-time (TAT), enabled by improved risk management capabilities, adequate growth capital, and 'next-gen' tech infrastructure.

~₹ 25 Lakhs Crores

Housing finance market as of March 2022

~₹ 23 Lakhs Crores

Overall MSME credit exposure as of September 2022

Source:
1 How India Lends – CRIF High Mark
2 India NBFC Sector Update – BCG
3 Press Information Bureau (PIB)
4 MSME Pulse - March 2023 by Transunion CIBIL

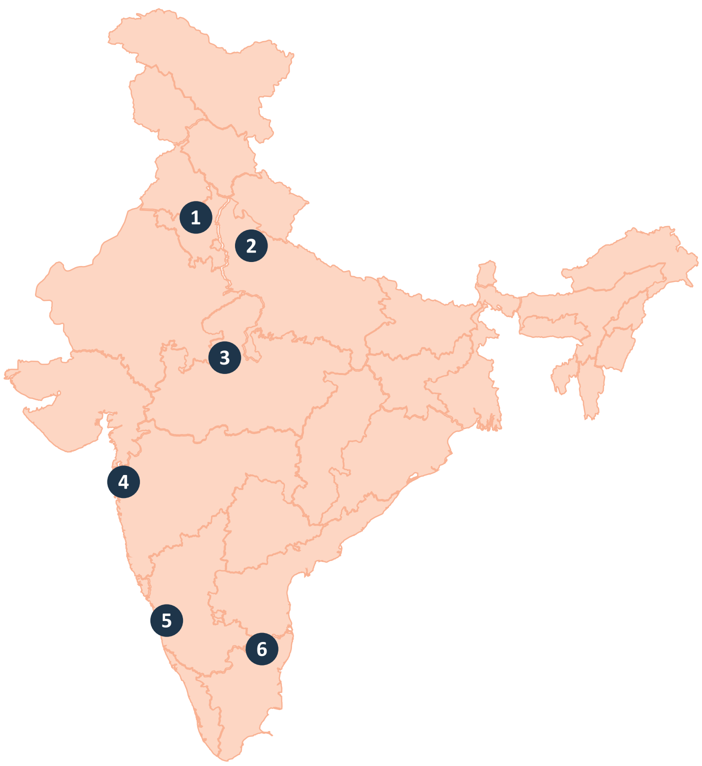
OUR APPROACH

Retail Finance business is housed under Piramal Capital & Housing Finance Ltd. (PCHFL) a 100% subsidiary of Piramal Enterprises Limited. A multi-product retail lending platform with robust state of the art technology at its core, the business, is growing at a rapid pace and on track to achieve its stated aspirations. With a current offering of four product segments namely Housing, Secured MSME LAP, Other secured and Unsecured, the Company is looking to add more products in the near future and is constantly evaluating potential products and opportunities. The approach since inception has been to create a well-diversified book, focusing on scalable products. Niche spaces have been identified post significant research and study, wherein Banks are not present or less present. A certain customer segment in India is significantly underserved and new to credit. Due to lack of access or formal income proof, this customer segment has been largely ignored by larger institutions. Despite having various sources of regular income, absence of paperwork and historical credit trail makes if it extremely difficult for them to access credit. With a vision to democratize credit for all sections of society, PEL has chosen to focus on the real 'Bharat' market, which has been relying on informal money lenders so far. Comprising of predominantly Tier 2,3,4 towns and rural areas, the customer segment tends to be self-employed or salaried in the informal sector. While they may have taken a small ticket-size loan, they usually refrain from taking housing or business loans owing to the larger ticket size and apprehension by institutions to lend to them. At Piramal we have witnessed that there is a strong demand for credit in this segment and with use of technology and data, we have built superior underwriting and risk management processes. Leveraging both the extensive branch network technology platform, PEL is using the best of both worlds to strategically design product provide basis the customer segment, market, and provide ease of accessibility. With an extensive branch network pan India of 400+ branches and state of the art technology platform and partnerships, PEL is present across the risk-reward spectrum. As the branches become disbursement active and launch multiple products, there is a strong uptick seen in retail loan products other than home loans. A wide network combined with technology contributes significantly to increasing the customer base serving as low cost acquisition vehicle for new customers. This helps in cross selling various products within our portfolio and results in repeated business. The Retail finance business has witnessed a significant increase in size and scale post DHFL acquisition. Strong disbursement traction has resulted in loan book mix to steer towards retail, increasing the share of retail to wholesale mix to 53:47. The Company aims to achieve a mix of 2/3rd retail, and 1/3rd wholesale in the next 5 years.

CATERING TO THE UNDER-SERVED FINANCING NEEDS OF CUSTOMERS OF THE ‘BHARAT’ MARKET

A vast majority of the population in India lacks formal access to credit financing. Lack of knowledge, formal papers and residing in remote locations are some of the reasons, these customers rely on an informal lending system to meet their requirements. In order to truly democratize credit to the real ‘Bharat’ market, in addition to the vast branch and agent network, the Company is focused on establishing technology backed processes. Our aim is to provide this segment of customers customised products that meet their specific needs, enabling them access to institutional credit.

Our products have ticket sizes ranging from a budget amount of ₹ 30,000 in microfinance to ₹ 18 Lakhs housing and loan against property. This wide product range across the risk reward spectrum helps us to cater to diverse requirements.



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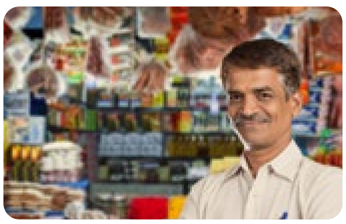


Small business owner

‘Kirana store’ owner in Bahadurgarh, Haryana Required working capital for wholesale trading in nearby localities

2

Small business owner

Tailoring business in Meerut, Uttar Pradesh

Required loans for renovation of shop

3

Self-employed

Trader of plywood in Dewas, Madhya Pradesh

To buy a plot and construct a house

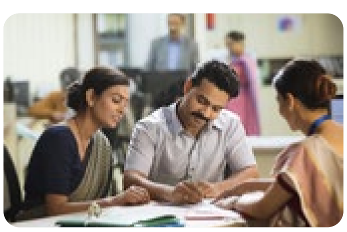
4

Cash salaried

Runs A coaching center in Ulhasnagar, Maharashtra

To purchase a 1 BHK in Thane

5



Self-employed

Electrical contractor in Kannur, Kerala

To buy a house for self-occupation

6

Small business owner

Pharmacy owner in Kanchipuram, Tamil Nadu

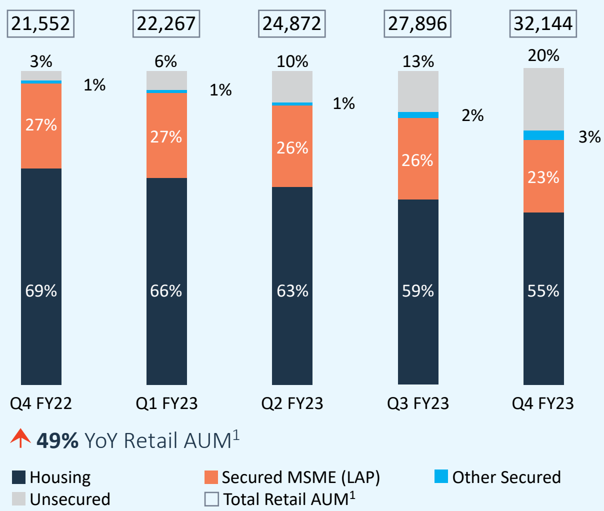
Small business loan

OPERATING PERFORMANCE IN FY 2023 – RETAIL LENDING

Robust growth in Retail AUM

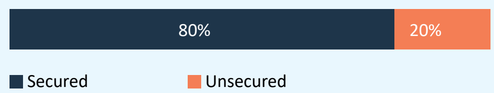
Our retail loan book grew by 49% YoY to ₹ 32,144 Crores as of March 2023. In addition, we are also managing off-balance sheet, securitised retail assets worth ₹ 13,433 Crores as of March 2023 We are building a well-diversified loan book across the product categories and customer segment, catering to the unserved financing needs of the 'Bharat' market. Our focus on the granular retail loan book has led to a further reduction in the average ticket size of retail loans to ₹ 11 Lakhs as of March 2023, as compared to ~₹ 75 Lakhs as of March 2021 (i.e., prior to the DHFL acquisition, as the book comprised affluent housing loans).

Retail Lending – Growing Across Business Verticals

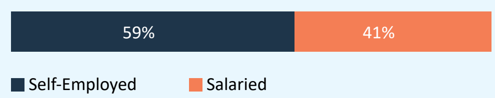


Secured MSME (LAP)

Breakup of Retail AUM[2] by category



Breakup of Retail AUM[2] by customer type



Note: (1) Retail AUM includes Security Receipts (SRs) & Pass-through certificates (PTC) and excludes acquired off-book assets in the nature of Direct Assignment (DA) & PTC as part of the DHFL acquisition

Note: (2) Retail AUM excludes Security Receipts (SRs) & Pass-through certificates (PTC)

Strong disbursement growth in retail lending

- Strong traction in retail disbursement, with 34% qoq and 361% yoy growth in Q4 FY23 to ₹ 6,828 Crores.
- Retail lending to drive overall AUM growth in coming years.

India-wide geographic footprint; all branches integrated

- Growing network of 404 conventional branches and 120 microfinance active branches. Established our presence across India, serving 515 districts across 26 states of India.
- Extensive distribution network spread across tier 2/3 cities and towns
- DHFL branches have been integrated and re-activated; new branches opened
- Added 95 branches in FY 2023
- Plan to expand our presence to 1000 locations

DHFLs ACQUISITION AND INTEGRATION

During FY 2023, PEL completed 1.5 years of DHFL's acquisition and integration into Piramal Capital Housing Finance Limited (PCHFL). Piramal Capital & Housing Finance Limited (PCHFL) merged into DHFL with effect from September 30, 2021 pursuant to the reverse merger as per the resolution plan. Consequently, the name of the Company was changed from 'Dewan Housing Finance Corporation Limited' to 'Piramal Capital & Housing Finance Limited' with effect from November 3, 2021.

CONSIDERATION PAID FOR THE DHFL ACQUISITION

The total consideration paid by the Piramal Group of ~₹ 34,250 Crores at the completion of the acquisition, includes an upfront cash component of ~₹ 14,700 Crores and issuance of debt instruments of ~₹ 19,550 Crores (10-year NCDs at 6.75% p.a. on a half-yearly basis).

A VALUE-ACCRETIVE ACQUISITION

The acquisition was carried out at a very attractive purchase price of <0.4x of DHFL's assets. PEL being well capitalised, this acquisition was achieved without infusing or raising any additional equity. The yields of the acquired retail book were >11% whereas the cost of borrowings was ~7%, making the deal accretive from the onset. Off-balance sheet, fee-earning securitised pool of assets worth ₹ 18,747 Crores (as of March 2022) was acquired in addition to the loan book. The deal factored in any foreseen asset quality risks and so far, has been in line with expectations, providing significant upside from the recoveries of the POCI book.

WHAT DID ONE YEAR OF DHFLs ACQUISITION LEAD TO?

Growth

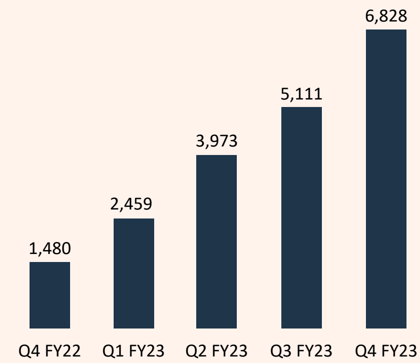
Focus on becoming more retail oriented resulted in substantial growth in retail composition to 50% of AUM; Creating one of the largest HFCs in India. The retail loan book increased by 49% yoy to ₹ 32,144 Crores (as of March 2023)

Disbursements

Transformed the business from a wholesale-driven into a diversified lender. Introduction of a multi-product platform backed with technology has resulted in a growth of 361% YoY, resulting in improvement in disbursement yields.

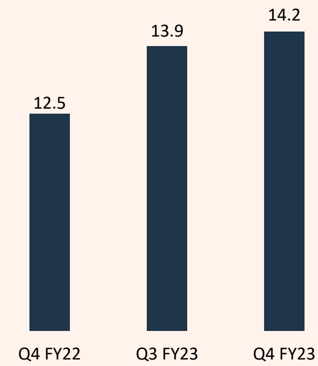
After DHFLs acquisition the retail loan book increased by 49% yoy to ₹ 32,144 Crores (as of March 2023)

Quarterly disbursements grew by 361% YoY (In ₹ Crores)



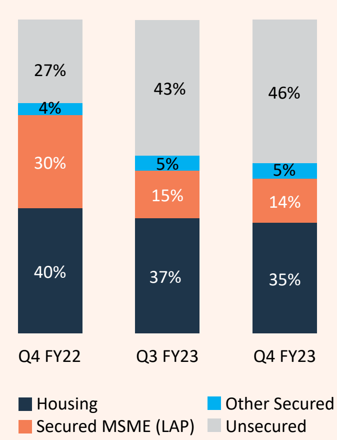
Disbursement yields

%, for retail loans (loans >1 year duration)



Disbursements by product family

%, based on value for retail loans



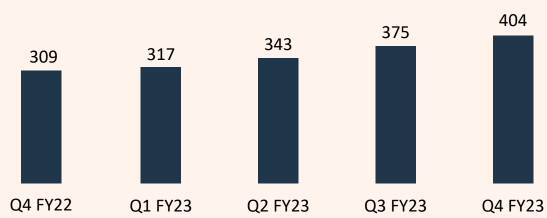
Scale

The acquisition created a pan-India distribution network, with >400 branches. Organic growth of disbursement active branches has led to a vast pan India network of 404 branches as on March 2023.

404 disbursement active branches

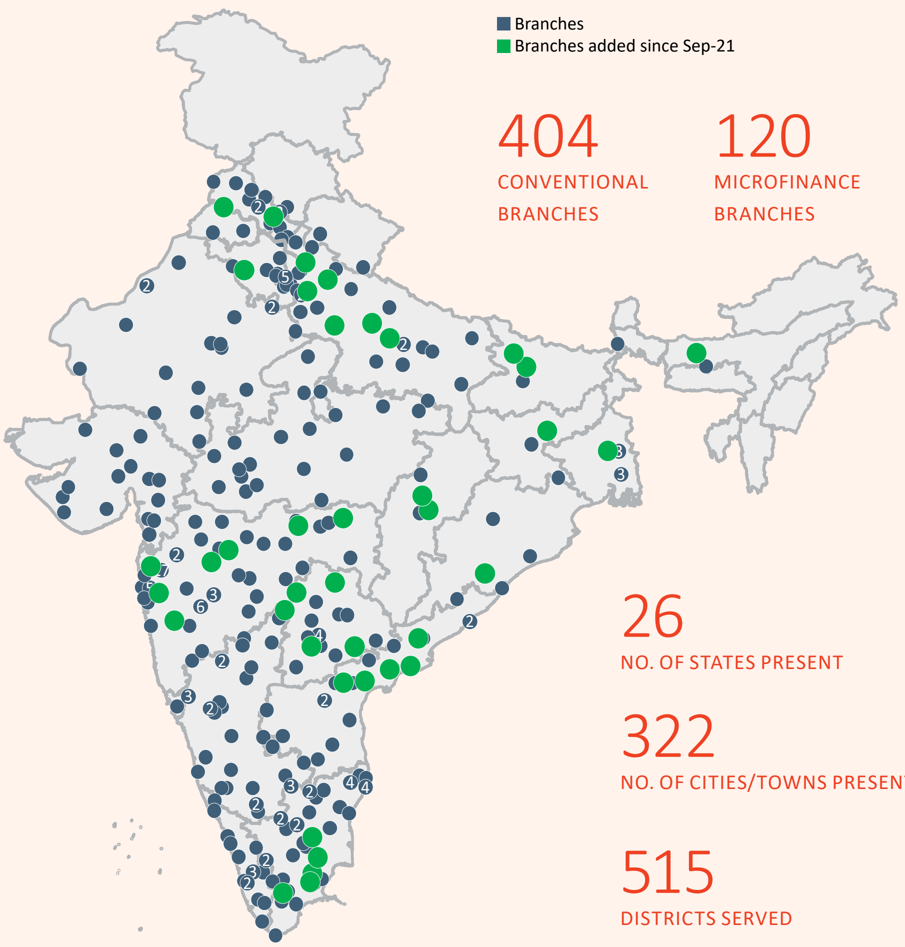
No. of conventional branches

95+ branches increased yoy



Presence

The group's strategy is to be present in the 'Bharat' market, predominantly in Tier2, Tier 3 cities and towns of India. 52% of the AUM is contributed by Tier1,2,3 cities



Map not to scale

■ Branches
■ Branches added since Sep-21

404 CONVENTIONAL BRANCHES

120 MICROFINANCE BRANCHES

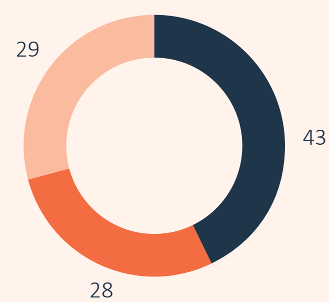
26 NO. OF STATES PRESENT

322 NO. OF CITIES/TOWNS PRESENT

515 DISTRICTS SERVED

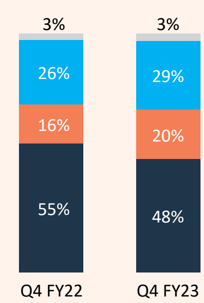
Retail AUM[1] split

By Geographic Concentration (%)



■ West ■ South ■ North & East

By Metro Adjacent, Tier 1, 2 & 3 cities[2]



■ Metro Adjacent ■ Tier 1 ■ Tier 2 ■ Tier 3

Notes:

[1] Retail AUM excludes Security Receipts (SRs) & Pass-through certificates (PTC)

[2] Population Considered Tier 1: 40+ lacs, Tier2: 10-40 lacs, Tier3: <10 lacs

Company Overview
Management Discussion & Analysis
Board & Management Profiles
Statutory Reports
Financial Statements

WHAT DID ONE YEAR OF DHFLs ACQUISITION LEAD TO?

Product Expansion

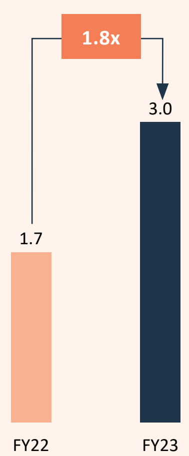
The Retail business initially largely focussed on Home Loans and Loans against Property. Post integration of DHFLs branch network, last year's focus has been to make all branches 100% active. With the increase in the number of products offered and utilising the branch network to its fullest capacity, 87% of the branches are activated with multiple products. This resulted in increasing disbursements of not only the Home Loans but across different product lines.

Customer Segment

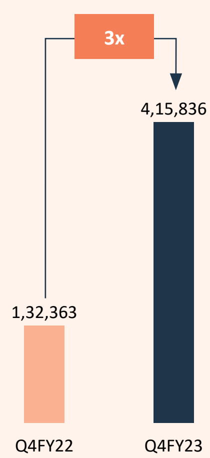
The acquisition gave us access to a pool of ~1 Million customers. Within a span of a year, PEL has grown the customer franchise to more than double. Adding new customers quarter on quarter with cross sell disbursements at ₹ 2,483 Crores, the customer franchise now stands at 3.0 Million customers. Acquiring new customers rapidly the business acquired >4 Lakhs customers during Q4FY23. This presents a large and growing market opportunity for the group.

Customer franchise[1]

Million

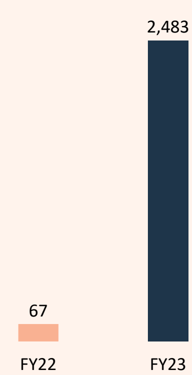


New customers acquired



Cross-sell disbursements

(₹ in Crores)

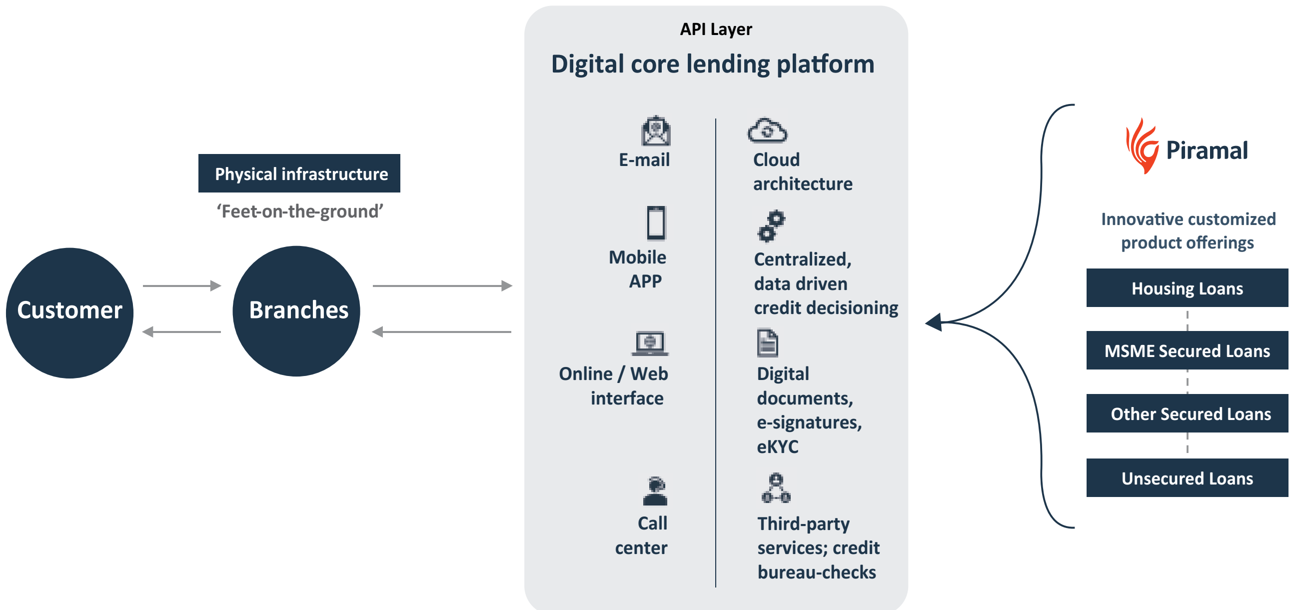


Notes:

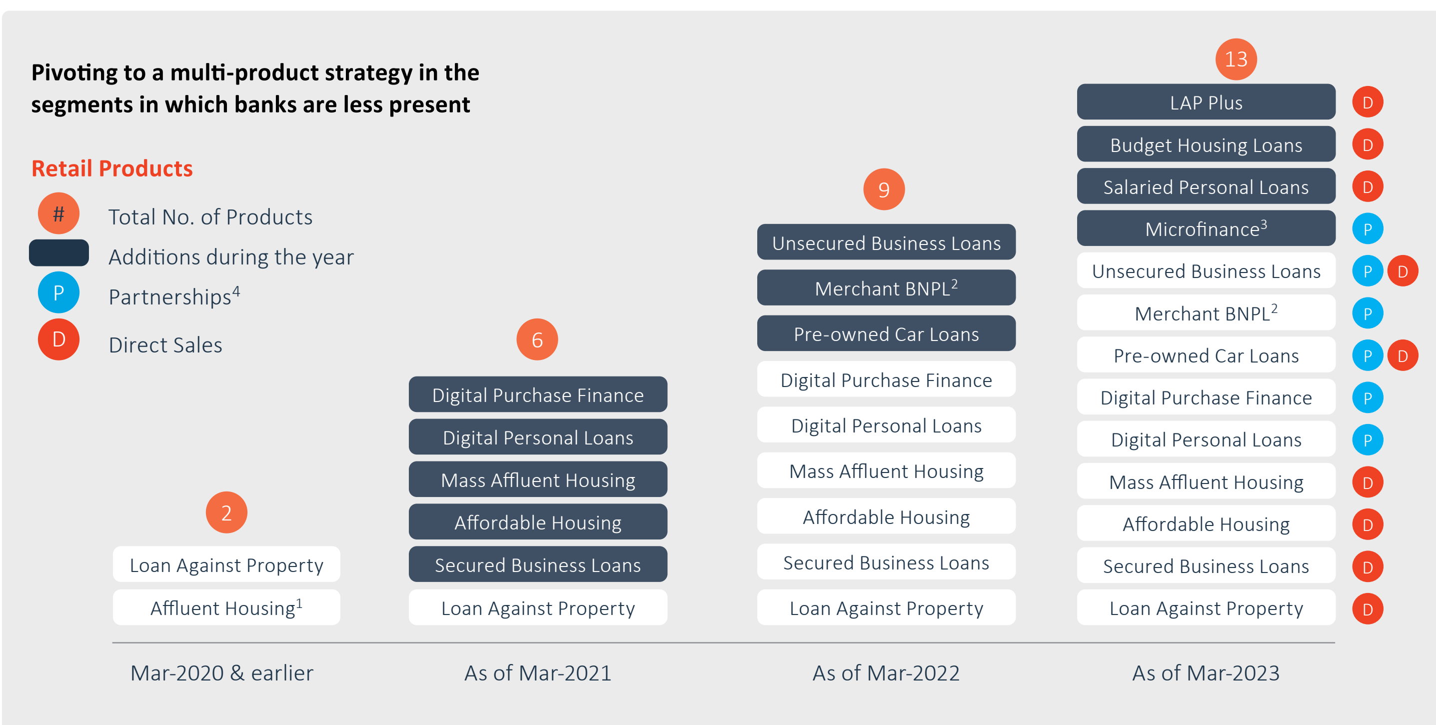
[1] Customer Franchise includes existing / past borrowers as well as co-borrowers

RETAIL BUSINESS: PRODUCT SEGMENTS

We adopted a technology backed approach to build our multi-product retail business across the risk reward spectrum



We have rolled-out several products since the launch of our multi-product retail lending platform in November 2020 across both, secured and unsecured businesses. The Company is focused on creating a suite of diversified products backed by state-of-the-art technology. We are also partnering with leading fintech and consumer tech firms to acquire customers at scale, at low cost, and enable seamless digital lending.



Notes:
(1) Exited 'Affluent Housing (in terms of new business) as the business pivots towards 'Affordable' and 'Mass Affluent Housing under the new strategy
(2) BNPL: Buy now, pay later
(3) Launched Micro-finance through the Business Correspondent (BC) model in Q1 FY 2023
(4) Lunched in partnership with leading FinTech and Consumer Tech firms

RETAIL BUSINESS: PRODUCT SEGMENTS (CONTD.)

The average ticket size for loans disbursed in Q4 FY 2023 was ~₹ 11 Lakhs, varying across products, such as Housing, MSME Secured lending, and Unsecured loans. Average overall disbursement yields for Q4FY23 stood at 14.7%

Product Segments	Products	Avg. Disbursement Ticket Size (₹ Lakh)	Disbursement Yield (%)	Share in Disbursements (%)	AUM[1] Yield (%)	Share in AUM[1] (%)
SECURED LENDING						
Housing	Affordable Housing Mass Affluent Housing Budget Housing	18.3	10.9%	35.3%	11.2%	54.6%
Secured MSME (LAP)	Secured Business Loan Loan Against Property (LAP) LAP Plus	20.9	12.5%	14.1%	12.5%	23.0%
Other Secured	Pre-owned Car Loans	6	16.1%	4.9%	15.9%	2.6%
UNSECURED LENDING						
	Salaried Personal Loans	4.5	17.6%	5.9%	18.2%	2.7%
	Microfinance Loans	0.3	18.8%	6.3%	18.8%	2.9%
	Unsecured Business Loans Merchant BNPL	6.2	19.3%	7.6%	19.4%	5.2%
	Digital Purchase Finance Digital Personal Loans	0.9	19.3%	25.9%	18.2%	9.0%
Weighted Avg. / Total		**11.1**	**14.7%**	**100%**	**12.8%**	**100%**

Note: (1) Retail AUM excludes Security Receipts (SRs) & Pass-through certificates (PTC)

SECURED LENDING

This encompasses traditional branch-led secured affordable housing, MSME and preowned cars lending catering to the budget customers while being digital at the core. It is characterised by high-touch intensity model with the proportion of self-employed to salaried customers at approximately 60:40. Secured lending will continue to build the AUM as these are long duration loans. In these product offerings, over 50% lending happens in Tier 2/3 cities with an average CIBIL score greater than 740.

The business leverages the widespread network of branches in tier II and tier III cities across India to bridge the lending gap in the under-served 'Bharat' market, while serving self-employed, cash salaried, small business owners, and salaried customers.

We have a pan-India distribution network, with extensive presence in the 'Bharat' market. With a wide presence across 26 States and 515 districts, our network is consistently growing to add new branches every quarter. In FY 2023 95 new branches were added to take the total to 404 as on March 2023.

95

New branches were added in FY 2023

SECURED LENDING – HOME LOANS

Housing Loans: Fast growing, at-scale lender in Affordable Housing

Focus

The aim of the Housing Finance business is to help make the arduous process of buying a home for the customers easier, faster and hassle free. We are targeting to address the requirements of a large informal income generating segment, by customizing the product to cater specifically to their needs. With an extensive branch network presence across India, the business focuses on the 'Bharat market which has little to no access to credit. These customers are significantly underserved by Banks as they live in geographies where Banks do not have much presence. The Company focuses on Tier2,3,4 markets in India and the peripheral areas in Metro cities. Products

Offerings

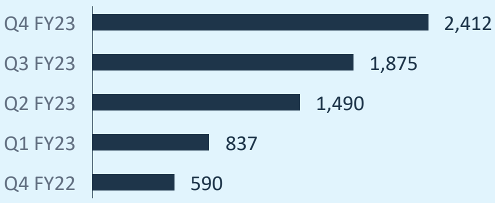
- Three prime loan offerings under this segment
- Affordable Housing
- Mass Affluent
- Budget Housing

With an average ticket size of ~₹ 18 Lakhs, the Housing finance business holds the greatest share in the loan book at 54.6% and 35.3% in disbursements. The average disbursement yield is 10.9%.

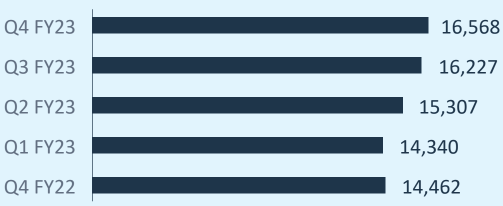
Strengths

- Ability to service customers even in remote areas of India, due to the vast branch network augmented by DHFL acquisition
- Products to service customers across the risk-reward spectrum; catering to salaried as well as self-employed persons
- Superior data backed underwriting processes allows the business to help customers in the informal sector, fulfilling their aspirations of a home loan
- Robust capabilities built to use alternate data and proxy surrogates to assess the true income and payment capabilities of a customer
- Secured loans only with conservative Loan to Value Ratios in the range of 60%-70%
- Parameterized lending with multiple layers of checks at both branch and central level, ensuring quality underwriting and reducing subjectivity from the process
- Digitalized processes to ensure smoother customer journey
- Sophisticated tools used for machine learning and AI helps to increase insights into the customer journey
- In-house developed score cards to enable precise and specific assessment of customers

Quarterly disbursements
(In ₹ Crores)

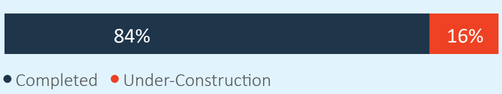


AUM growth
(In ₹ Crores)



Breakup of AUM by customer type

Breakup of AUM by stage of construction



67%	18 Lakhs	748	61%	0.59%
Lending in Tier 2/3 cities	Avg. Ticket Size	Avg. CIBIL Score	Avg. LTV	90+ DPD Delinquency[1]

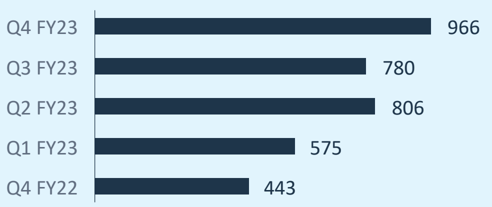
Notes: (1) 90+ DPD Delinquency=90 days DPD to 179 days DPD

SECURED LENDING – SECURED MSME (LAP)

Secured MSME (LAP) Loans: 120% YoY growth in disbursements

Quarterly disbursements

(In ₹ Crores)



AUM growth

(In ₹ Crores)

Focus

Our secured MSME loans focus largely on self-employed customers who wish to avail credit facilities and have property collateral to offer against the loan. The properties mortgaged range from residences to office and warehouses or even plots of land. Most often these loans are availed to expand their current business. A largely underpenetrated market with a large proportion of new to credit customers in the Business Loans category this industry is growing at a rapid pace on the back of structural reforms. Our aim is helping the self-employed customer segment who lacks formal access to credit, despite owning permanent running business with a steady income flow.

Offerings

Three prime loan offerings under this segment

- Secured Business Loan
- Loan against property
- LAP Plus

With an average ticket size of ~₹ 20.9 Lakhs this product accounts for 23% of the loan book. With average yields of 12%-13%.

Strengths

- Pan India presence with ability to service customers in remote locations – 404 disbursement active branches across 26 states.
- Operating in a niche space within the MSME segment catering to the customers' requirements ranging from ₹ 5 Lakhs to ₹ 4 crores.
- Granular and diversified loan book base.
- Strong market knowledge and well regarded for low ticket size underwriting of sizes ₹ 10 Lakhs to ₹ 35 Lakhs, wherein approval rates are ~50% for total number of log in cases.
- Tech enabled internal proprietary scorecard systems which go beyond using generic parameters like CIBIL score for analysis.
- Seamless digitized customer journey allowing the entire process from sales to approval to be conducted digitally guaranteeing faster disbursals to customers.
- Robust analytical frameworks and best in class infrastructure for conducting customer analysis and quality helping boost cross selling of other products.

67% Lending in Tier 2/3 cities

21 Lakh Avg. Ticket Size

745 Avg. CIBIL Score

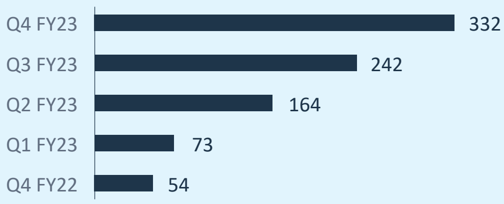
46% Avg. LTV

0.53% 90+ DPD Delinquency[1]

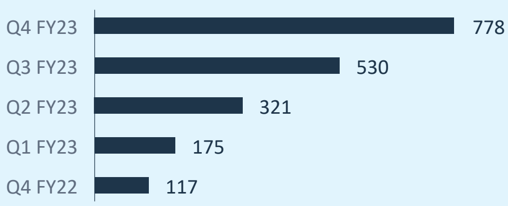
Notes: (1) 90+ DPD Delinquency=90 days DPD to 179 days DPD

Other Secured Loans: Steep growth trajectory in Used Car Loans

Quarterly disbursements
(In ₹ Crores)



AUM growth
(In ₹ Crores)



USED CAR LOANS

Focus

Indian used car industry is moving from being largely unorganized to a formal organized industry. As per our research and estimates it is growing at stable rate of 12%-14% per annum and stands at 1.5 times the new car industry. We cater to the customer segment looking for financing for their personal use. With a threshold of the car age at 12 years at the end of the loan tenure, we work with a large network of partners. With over 500 partnerships pan - India including dealers, agents, and aggregators, we are focused on aggressively growing this product segment in future. Currently at 5% of PEL's retail disbursements, this product boasts of high yields and a very promising growing industry.

Offerings

We offer sale purchase, refinance, and loan transfer facilities under this product segment. With the exception of commercial taxi operators, we cater to the entire spectrum of customers from salaried to self-employed and from new to credit to ones with substantial credit history.

With modest average tickets sizes of H 6 Lakhs and constituting 5% of share in disbursements, this product commands high yields ranging from 15.5% - 16.1%.

Strengths

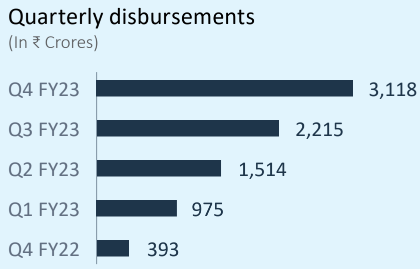
- Industry is becoming more organized and slated to grow significantly. AUM and financial penetration to double in the near term.
- Seamless synergy between the physical and digital journey for the customer, making his journey hassle free and providing him a superior experience.
- Superior digital offering with best in industry services, to conduct the process digitally making it easier for the customer to ensure faster turnaround times, quick disbursals, reducing customer touch points.
- Strong focus on collateralizations, at 99%, much higher than industry average.
- In house developed technology-based analytics used for score card evaluations and underwriting.
- Ability to leverage our wide branch network of 400+ branches pan- India helping increase brand presence.

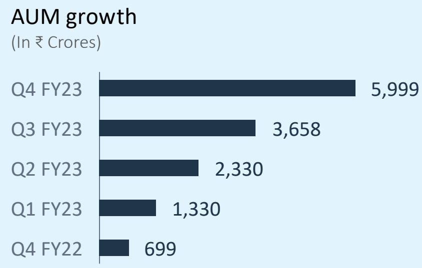
51%	6 Lakh	737	77%	0.85%
Lending in Tier 2/3 cities	Avg. Ticket Size	Avg. CIBIL Score	Avg. LTV	90+ DPD Delinquency[1]

Notes: (1) 90+ DPD Delinquency=90 days DPD to 179 days DPD

UNSECURED LOANS

Unsecured Loans: Strong growth, from multiple form factors and channels

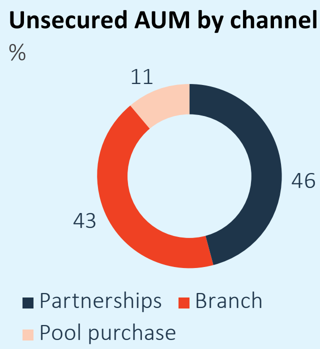


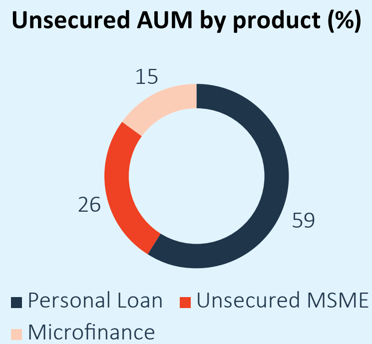


8,80,000 CUSTOMERS SERVED

753 AVG. CIBIL SCORE

1.10% 90+ DPD DELINQUENCY[1]



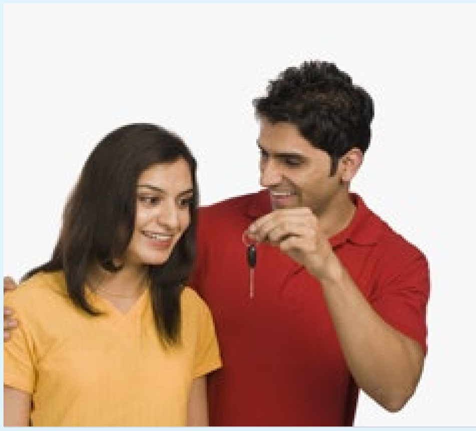


Notes: [1] 90+ DPD Delinquency=90 days DPD to 179 days DPD

In our unsecured loans offerings, we offer

- Salaried Personal Loans
- Microfinance Loans
- Unsecured Business Loans
- Merchant BNPL
- Digital Purchase and Personal Loans

SALARIED PERSONAL LOANS



Focus

Client profile focuses on salaried individuals with good bureau behavior. With an AUM of ₹ 3,539 Crores, we are present across 104 branches in 15 states. 13,030 customers have been serviced till date.

Offerings

Loan up to ₹ 12 Lakhs with Nil foreclosure and Nil part payment charges. Rates starting from as low as 12.99%.

Strengths

- End to End Digital platform.
- Portfolio driven by machine learning based score card and risk based pricing.
- Centralized underwriting process.

MICROFINANCE LOANS

Focus

Focus on bottom of the pyramid customers who have monthly income as low as ₹ 25,000. This product is woman centric wherein the loans are typically availed by women entrepreneurs. This follows an exclusive partnership model who onboard customers based on our guidelines. The newest addition to our product suite, we are currently operating in 5 states in semi urban and rural areas out of 120 exclusive branches to service Piramal customers exclusively.

Offerings

- Joint liability group of 4-5 members wherein each member ensures and guarantees the other members liability.
- Unsecured loans with a tenure of 18-24 months of ticket sizes ranging from ₹ 25,000 – 30,000.
- Yields range from 18% - 19%.

Strengths

- Provide complete doorstop banking from educating the customers about the loan facility and helping interested clients to complete the required paperwork to collections.
- Large network enabling us to be at various customer touch points to get a clear understanding and assessment of their repayment ability and cash flows generated.
- Value added services like life insurance policies for the borrower and spouse included in the offerings.
- Significant use of technology enabling us to conduct immediate KYC checks and takes only ~30 seconds for a go-no-go decision based on proprietary rule based score cards.
- Post Covid, industry is witnessing a 99% collection efficiency across India.
- High customer repeat cycle ranging from 40%-70% from the same micro finance lender.

DIGITAL LENDING-ORIGINATED THROUGH DIGITAL ASSETS AND PARTNERSHIPS

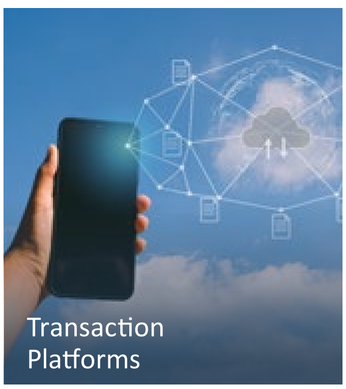
The aim of this business is to embed credit as a micro service in the customer journey. This includes small ticket and short-duration loans (such as personal loans, purchase finance, merchant buy-now-pay-later, etc.), originating through digital channels and partnerships, which also acts as a customer acquisition engine, adding over 90% of new customers. We aim to be preferred lending partners for the consumer-tech ecosystem, offering personalised financing solutions to customers. This business has served more than 8,80,000 + customers since inception.

Partners and product categories

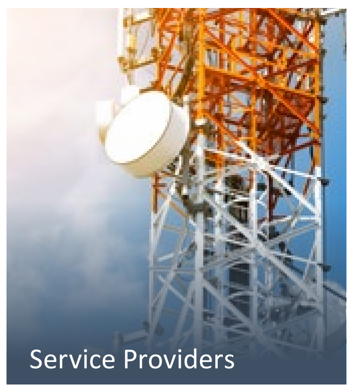
As we grow the Digital Embedded Finance business, we continue to strengthen our partnerships with fintech NBFCs, transaction platforms, ed-techs, MSME platforms, and gold collateral companies. So far, we have launched 20 programs and are 100% digital.

20 PROGRAMS LIVE ACROSS 18 PARTNERS

Fintech NBFCs

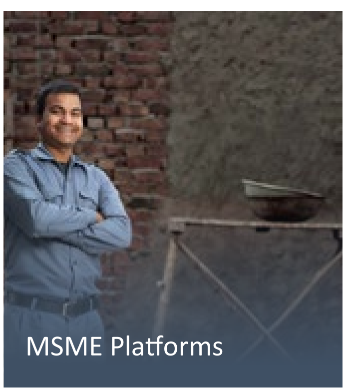


Transaction Platforms

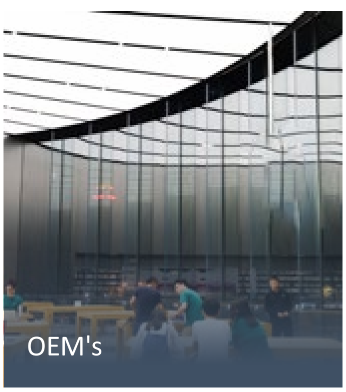


Service Providers

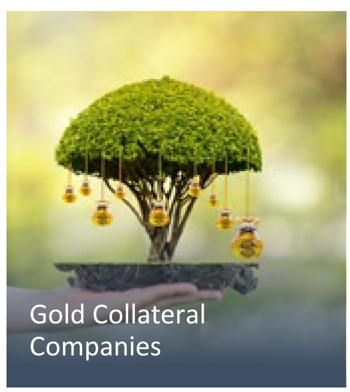
Edtechs/Education Institutes



MSME Platforms



OEM's



Gold Collateral Companies

Product Manufacturers

OUR PARTNERS

zest | EarlySalary.com | CarDekho | KUWY | CARS24 | KreditBee | Money View | WishFin | india gold | Spinny | indifi | ePayLater | HDFC ERGO | CREDITVIDYA | INDIALENDS | eduvAnz | TATA AIG | paisabazaar.com | FINANCEPEER | navi | paytm | Fynd | LENDINGKART

Key capabilities and tech infrastructure

The technology behind the Digital Embedded finance business is highly modular, originated completely in-house using generic APIs (application programming interface). Using a business-rule engine, we support joint product development with our partners to deliver customized solutions for client needs. The API stack allows agility and complete integration to meet the customer or merchant's journey requirement. To ensure healthy asset quality, we use proprietary fraud and underwriting models for real-time decisioning. Additionally, we have deep in-house collections capabilities covering 10,000+ pin-codes.

EarlySalary

In FY 2022, we acquired a ~10% equity stake in EarlySalary as part of the DHFL acquisition, one of our key fintech business partners. EarlySalary is a leading fintech player, offering consumer loans catering to lifestyle needs. As of March 2023, EarlySalary had an AUM of ₹ 1,963 Crores and a customer base of ~5 Lakh, primarily serving young, aspirational tech-savvy Indian customers. In August 2022 the company raised $100 Million Series D funding and PEL participated in this round as well, reinforcing our confidence in the business model and potential for growth.

As part of our strategy, we will continue to partner with leading fintech players, having the necessary building blocks to reach significant scale.

INVESTING FOR FUTURE: BUILDING CAPABILITIES TO DELIVER LONG-TERM SUSTAINABLE GROWTH

In order to build a sustainable business supported by a superior technology architecture and the right talent, we are committed to invest across technology / analytics, talent, and branch network.

Piramal Finance launched 'Piramal Innovation Lab' in Bengaluru, to accelerate digital transformation for the 'Bharat' market. The goal is to create innovative products, which meet the various finance requirements of the under-served 'Bharat' market. This is a state-of-the-art Centre of Excellence for Technology and Business Intelligence that is 36,000 square feet in size. We plan to attract the best tech talent from leading engineering and management institutions across India.

So far, we have hired 190 number of professionals at the lab for various tech and business intelligence roles by the end of FY 2023. This initiative was taken to accelerate the development of next-generation lending solutions and analytics that align with how consumers are reimagining the industry. Nurturing innovation is a part of our core ethos, and the centre will help us to create a vibrant ecosystem of fintechs, startups and tech innovators.

Powered by Key Digital Assets

- **Launched mobile apps on Android and iOS**
- **KYC platform to enhance single customer journey**
- **Generic API stack for Embedded Finance partners**
- **Credit Policy Engine to integrate new data sources**
- **Platform for sales partners/ DSAs to reduce TAT**

AI/ML: KEY ASPECT EVERY STEP OF THE WAY

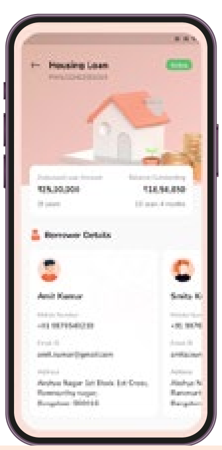
Extensive use of Al/ML capabilities, Decision Sciences and automated Business Intelligence (BI) in almost every aspect to re-imagine the entire customer journey.

- **Credit Rule Engine for new customer onboarding**
- **Cross-sell Management**
- **New-to-credit (NTC) Credit underwriting ML model**
- **Attrition Management**
- **Fraud detection and loan application screening**
- **Collection and NPA Management**
- **Portfolio Risk Management/Monitoring**
- **Everyday AI**

MOBILE APP

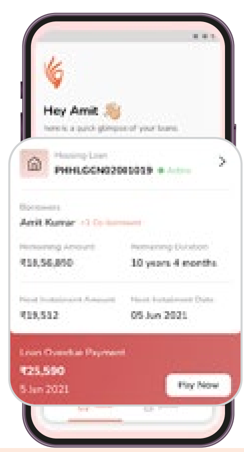
Our mobile app is a one-stop shop for customers for accessing their loan account, and avail cross-sell offers. More than 12 Lakhs+ downloads on the app.

Launched Mobile App (Android and iOS)



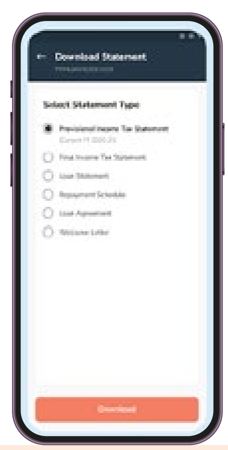
Access Loan Details

QUICKLY AND EASILY ACCESS YOUR LOAN ACCOUNT TO GO



Pay Installments Online

NOW YOU CAN PAY YOUR OVERDUES AND PROCESSING FEES ONLINE



Download Statements

EASILY DOWNLOAD LOAN ACCOUNT AND REPAYMENT STATEMENTS

"Hum Kagaz Se Zyaada, Neeyat Dekhte Hain"

PIRAMAL FINANCE LAUNCHES UNIQUE CAMPAIGN ADDRESSING THE CREDIT NEEDS OF THE UNDERSERVED CUSTOMERS OF BHARAT

Maiden campaign aims at evaluating the intent and integrity of loan seeking customers, and looking beyond papers/ documentation

Unveiled the new logo for the customer facing brand 'Piramal Finance' for the lending business

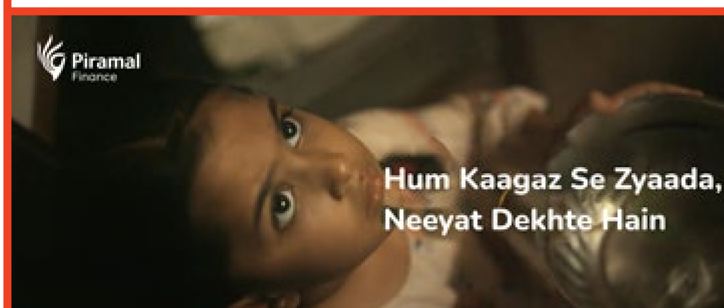
All branches across India will be branded with the new logo

Aims to be present in 1,000 locations through 500 to 600 branches over the next five years

On January 11th 2023, PCHFL, announced the launch of its first brand campaign that focuses on addressing the credit needs of the unserved and underserved sections of Bharat. Titled, "Hum kagaz se zyaada neeyat dekhte hain", the clutter breaking campaign highlights the brand's commitment to look beyond just papers/documentation as means to assess the credit worthiness of its loan seeking customers.

The campaign underscores Piramal Finance's commitment to customer-centricity and aims to reach out to budget-conscious customers as well as medium and small businesses in Tier 2 and Tier 3 towns across Bharat. The campaign kicks off with two ad films that position Piramal Finance as a brand which focuses on underwriting customers as well as their integrity rather than just papers/documents.

The films captures the lives of 2 families which face real-life roadblocks while trying to avail loans and how Piramal Finance is committed to stand by such individuals as well as their families in their pursuit of happiness. With their tailor made product offerings in the form of Home Loans, Business Loans and Personal Loans and Used Car Loans, Piramal Finance provides loans to customers by not only validating the formal credit history and papers/documents, but also evaluating customers on the basis of their intent and integrity - thereby highlighting the differentiated lending experience. Further, the company also unveiled the new logo for the customer facing brand 'Piramal Finance' for the lending business and all branches across India will be branded with the new logo.



Wholesale Lending

INDUSTRY OVERVIEW

Despite the geopolitical tensions, energy crisis, and high inflationary environment witnessed in FY 2022, institutional borrowing has continued to grow at a rapid pace in FY 2023, breaking away from a long period of sluggish credit flow inundated by heavy corporate indebtedness. Over the past few years, corporates have strengthened their balance sheet by an unwavering focus on deleveraging. Bank credit growth improved in FY 2022 and FY 2023, driven by all round growth from micro to large industries. However dwindling savings, caused a stretch on credit-deposit ratios of Indian banks. This contributed to tight liquidity and increasing interest rates. As budgetary capex increased for the third year by 33% to ₹ 10 Lakh Crores which is 3.3% of GDP it shored up demand and consumption in the economy. As per ICRA, PLI (Production Linked Incentive) CAPEX deployment is expected to surge from FY 2024 for more than 80% of the projected investments. Empirical evidence suggests Government capex to have a multiplier of 2.4x, indicating a strong probability of a sharp rise in corporate credit demand, as economic uncertainties mellow down in FY 2024.

Investor confidence has risen in India post pandemic owing to improved economic performance. Indian Real Estate is emerging as a preferred investment destination with attractive rental yields and future appreciation potential in many micro markets. The market is fore-casted to reach US$ 650 billion, representing 13%[1] of India's GDP by 2025. In the second quarter of 2022, India's real estate sector experienced price growth of 5.6%. Increasing share of real estate in the GDP would be supported by increasing industrial activity, improving income level and urbanisation. The real estate sector will expand because of increased accessibility, greater openness, rising urbanisation, and government incentives.

The residential market has been on a strong recovery path over the past 18 months as the economy emerged from the pandemic's shadow. The residential sector witnessed a robust demand revival with the year expected to register a decadal high in-home sale. The market registered strong sales backed by robust consumer demand and quality launches by developers. As per ICRA- new launches are expected to be at a six-year high of 400 Mn. sft. in FY 2023, showing improvement from the previous two years which were impacted by the Covid-19 pandemic.

Trends in Real Estate Developers

Share of the top listed developers in the Indian residential market is expected to increase to 29%[1] in FY 2024, driven by a strong pipeline for residential project launch. Real Estate developers saw record years, with most of them reporting all-time-high pre-sales.

- Healthy demand is leading to improve profitability for realty developers.
- With improving cash flows, realty developers have brought down debt levels, enabling them to save on interest costs despite rising interest rates.
- They have also stepped-up capex on business development.
- Regional developers have now started exploring other micro-markets to gain scale and de-risk the core micro-market.
- Investors continue to seek organic growth in developers' residential sales in a cyclical sector.
- Developers themselves are pursuing a path of calibrated growth with moderate price hikes and selectively launching inventory while keeping balance sheets healthy.

Looking Forward

Reserve Bank of India raised policy rates by 250 bps in FY 2023 aimed at reducing inflationary pressures and stabilise the INR. It is expected that India has or will soon reach the peak of the current rate cycle in FY 2024. The peaking of rate-hike cycle can be positive for NBFCs that have seen pressure from rising funding costs that dragged NIMs. As margins stabilise, NII growth will start to match loan growth, initiating a virtuous growth cycle within the industry.

One of the most critical themes that will hold centre stage in 2023 and impact the entire real estate sector value-chain will be Environmental, Social and Governance (ESG) which is now a critical boardroom agenda and shape the future of the sector. Combination of demand and supply-side consolidation will keep the sector in the spotlight for the next 3- 5 years.

Source:

(1) Indian Real Estate Industry Analysis – IBEF Report

PERFORMANCE OF PEL'S DEVELOPER CLIENTS

We are progressing to rebuild our real estate developer financing book. 87 % of the book is large and medium developers. The remaining Stage 1 book is healthy with smaller ticket sizes (₹ 199 Crores), and exposures to well capitalized large and mid-size developers.

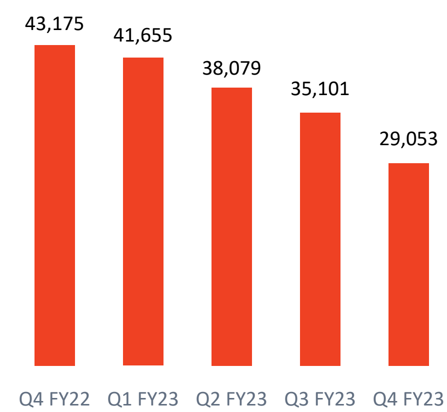
Operating Performance in FY 2023

Wholesale lending

Our strategy continues to focus on making the existing loan book more granular as well as building a healthy deal pipeline across real estate and corporate lending. In line with our stated strategy, we been working towards building a high-quality Wholesale book.
We continue to focus on the resolution of Stage-2 and Stage-3 assets, which will further moderate the wholesale book size in the short term. We have built a Wholesale 2.0 AUM of ₹ 2,792 Crores as of Mar-23.

- Over 90% of the book is into Real Estate lending; largely excludes promoter holdco corporate lending. We are building exposure in select markets across Tier 1, 2, and 3 cities.
- We are in the process of reducing our Wholesale 1.0* AUM, in line with our strategy, through a combination of various means such as accelerated repayments, settlement, etc.
- Reduction in Wholesale 1.0* AUM by ₹ 14,122 Crores (down by 33%) in since March 2022.

Wholesale 1.0* AUM reduced by 33% YoY
(₹ Crores)



Note

* Wholesale 1.0 refers to wholesale loans excluding the loans sanctioned under Wholesale 2.0

A focused professional team is involved in monitoring and executing the resolution strategy for complex recoveries and enforcement, aimed to improve recoveries and monetization of assets. Accelerated repayments is expected to rundown significantly over the next 2 years. 26% of book reduction is from organic and accelerated repayments.

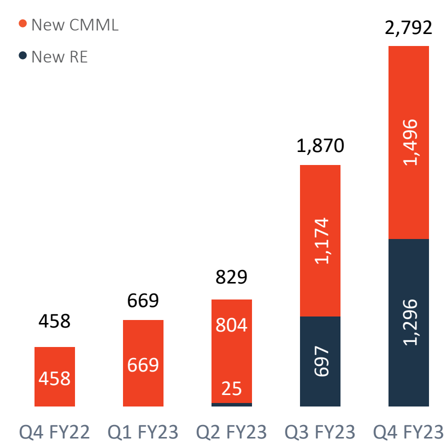
We continue to focus on the resolution of Stage-2 and Stage-3 assets, which will further moderate the wholesale book size in the short term.

Wholesale 2.0- Building a Diversified and Granular Book Backed by Cash Flows and Assets

Wholesale 2.0 refers to loans sanctioned under corporate mid-market loans (CMML) and new Real Estate loans from FY 2022 onwards. A key component of Wholesale Lending 2.0's strategy is concentrating on granularizing its existing loan book and there are two parts to it, Real Estate, focusing on mid-market residential projects in tier-1 cities, as well as expanding into top 15-20 tier 2/3 cities by lending to strong local developers and in Corporate Mid-Market Lending (CMML), focusing on smaller ticket, corporate non-RE loans.

- Built a Wholesale 2.0^ AUM across Real Estate and Corporate Mid-Market Loans worth ₹ 2,792 Crores as of Mar-2023
- Added new loans worth ₹ 922 Crores, leading to a growth of 49% QoQ

Wholesale 2.0^ AUM grew by 510% YoY
(% based on value for retail loans)



Note

^ Wholesale 2.0 refers to loans sanctioned under CMML and new RE loans from FY 2022 onwards

Real Estate

We are also investing to make the real estate developer financing book more granular and diversified are striving to we build exposure in select markets across Tier 1, 2, 3 cities. Relatively under penetrated and less competition makes them attractive spaces. We continue to maintain our position in terms of best-in-class governance and risk management.

New Real Estate Loans

Capitalizing On The Market Gap And Leveraging Our Strengths

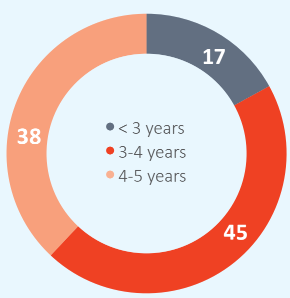
Origination Funnel

	# of deals; ₹ Crores
Deals Originated	123; ₹ 24,396 Crores
Deals Under Evaluation	59; ₹ 12,139 Crores
Taken to Committee	24; ₹ 4,776 Crores
Due Diligence	17; ₹ 3,787 Crores
Sanctioned	10; ₹ 2,157 Crores
Outstanding	10 deals; ₹ 1,296 Crores

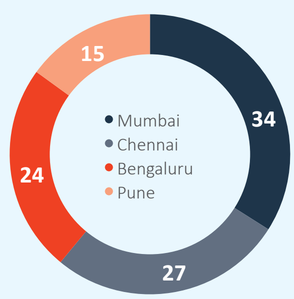
Progressing to rebuild our Real Estate Developer Finance book

- Deals worth ₹ 1,296 Crores outstanding as on Mar-2023
- Granular and diversified Real Estate developer finance book
- To build exposure in select markets across Tier 1, 2, and 3 cities
- Best in class governance and risk management

By Original Tenor (%)



By Geographic Exposure (%)



₹ 216 Crores
Average Ticket Size / Loan

14.9%
Average Yield % [1]

4.1 years
Average Loan Tenor

Note:

[1] Average Yield % includes fee income

Corporate Mid-Market Lending

The size of Corporate and Mid-Market Lending (CMML) book has grown from ₹ 458 Crores to ₹1,496 Crores and it's diversified into sectors like NBFC, cement, shipping, power, pharma, IT, renewable energy, E-Mobility, textiles and healthcare. 81 % of this book is into investment grade ratings and 19 % of the portfolio is not rated.

Efforts were made towards completing the recognition cycle of the existing wholesale book, and investing to build a granular cash flow and asset-backed real estate and mid-corporate lending business that will give loans to well capitalized promoters across multiple sectors and geographies. There's a lot more granularity in terms of disclosures of the wholesale portfolio. We have created focused, analytics-driven underwriting vertical with superior risk management.

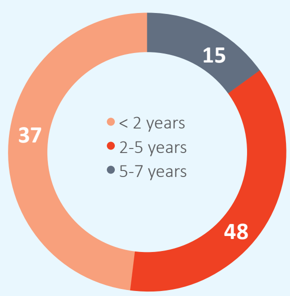
Under Wholesale 2.0, ₹ 1,296 Crores of AUM is towards real estate as we leverage the opportunity in real estate financing with a few major NBFCs/HFCs vacating the lending space. We believe that, from cyclical and structural perspectives, this is a conducive time to build up real estate lending book with better-governed developers. Also, we are building a diversified, granular and cashflow-backed corporate mid-market lending book, which has an AUM of ₹ 1,496 Crores (227% YoY).

Our AUM is on an increasing trend due to build-up of Retail AUM and Wholesale 2.0 book which is offsetting the impact of continued reduction in Wholesale 1.0 AUM. We see opportunities to build good quality Real Estate book in select cities as the segment is less completive.

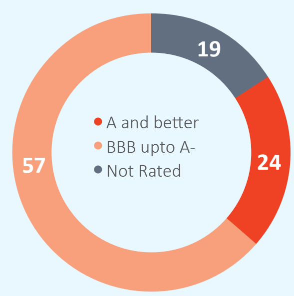
Corporate Mid-Market Lending

Building a granular book backed by cash flows

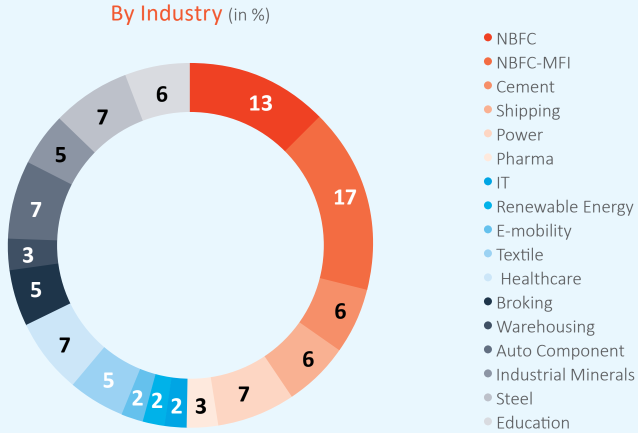
By Original Tenor (in %)



By Ratings (in %)



By Industry (in %)



₹ 55 Crores

Average Ticket Size / Loan

12.3%

Average Yield % [1]

3.5 years

Average Loan Tenor

Note:

[1] Average Yield % includes fee income

Foundational pillars for 'Wholesale Lending 2.0'

Our short-term strategic priorities for the Wholesale business is to focus on effective management of asset quality & recovery cycle of current book. This will focus on maintaining the quality of Stage 1 assets and to focus on resolution of Stage 2 and Stage 3 assets with an aim to improve the overall AUM mix. We have laid out our mid-term strategic priorities to rebuild high quality wholesale book to capitalize on market gap and build a diversified and granular book backed by cash flows and assets. The rapid expansion in retail segment and adequate coverage on wholesale portfolio gives us comfort on margins and credit-cost trajectory going forward.

WHOLESALE LENDING

Foundation Pillars in Place

Granularity+ Diversification
Building a granular and diversified wholesale book across real estate and mid-market corporate lending

Risk Appetite & Governance
Separated guardrails
Strong approval and governance
Proactive asset monitoring

Right Organization Structure
Separated credit and organization
Asset Management works with Organization
Strengthened Credit

Active Asset Management
Quarterly detailed portfolio review meeting
Dedicated Inv. Committees for RE and CMML

Focus on ALM
Pro-active asset liability management-match funding: active participation in ALCO

Alignment of Interest
Long term incentive embedded in the compensation for the team

Risk + Control Functions + Technology Embedded in the Process

Risk Group	Control Functions (Legal, Compliance, Operations, Finance)	Technology (Pinnacle; analytics driven)

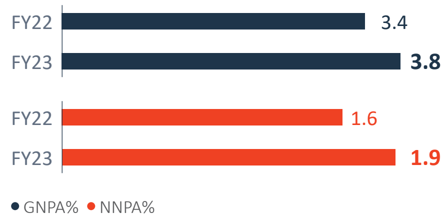
Catering to a large addressable market (having few credit providers), by adopting a calibrated approach, with focus on cash flow-backed lending

ASSET QUALITY

Overall asset quality

The overall GNPA ratio remained stable at 3.8% as on March 2023 versus 3.4% as of March 2022 and the net NPA ratio at 1.9% as of March 2023 versus 1.6% as of March 2022. The amalgamation of the retail DHFL book has made our loan book granular with less concentration risk and making our overall asset quality metrics noticeably stronger. Focus in FY 2023 has been to complete the asset recognition cycle post Covid-19 and provide adequately for the same. As of March 2023, overall provisions increased to ₹3,964 Crores from ₹3,735 Crores a year ago. However, provisioning as a percentage of AUM remained stable YoY at 6.2%, given the increase in AUM.

Overall GNPA and NNPA Ratio
(%)



TOTAL ASSETS: ASSET CLASSIFICATION

Total Assets (₹ Crores)	**Q4 FY23**	**Q3 FY23**	**Q4 FY22**
Stage-1	**54,956**	49,725	55,420
Stage-2	**5,553**	7,741	4,072
Stage-3	**2,055**	42,64[1]	2,227
Sub-Total	**62,564**	**61,730**	**61,720**
POCI	**1,425**	3,137	3,465
Total AUM	**63,989**	**64,867**	**65,185**
Total Provisions (₹ Crores)			
Stage-1	**1,571**	1,659	1,126
Stage-2	**1,375**	1,960	1,380
Stage-3	**1,017**	28,67[1]	1,229
Total	**3,964**	**6,485**	**3,735**
Asset Quality Ratios (%)			
Provision Coverage Ratio - Stage 1	**2.9%**	3.3%	2.0%
Provision Coverage Ratio - Stage 2	**25%**	25%	34%
Provision Coverage Ratio - Stage 3	**50%**	67%	55%
Total Provisions as a % of Total AUM	**6.2%**	**10.0%**	**5.7%**
GNPA Ratio (%) 2	**3.8%**	**4.0%**	**3.4%**
NNPA Ratio (%) 2	**1.9%**	**1.7%**	**1.6%**

Notes: Prudential write-off of ₹ 644 Crores undertaken during Q4FY 2023 and ₹ 771 Crores during Q3FY23

1) Stage 3 of Q3FY23 includes a client group from a non-RE sector which was credit impaired, having an aggregate outstanding exposure of ₹ 1,908 Crores with a total provision of ₹ 1,483 Crores We exited the said exposure in Q4FY23, thereby achieving a reduction of ₹ 1908 Crores in a single transaction.

2) GNPA and NNPA ratio for Q4FY23 & Q3FY23 are disclosed basis the regulatory reporting.

Asset quality - Wholesale portfolio

We continue to focus on resolution of the Stage 2 and 3 assets, which will further moderate the wholesale book size in the short term. A focused professional team is involved in monitoring and executing the resolution strategy for complex recoveries and enforcement, aimed to improve recoveries and monetization of assets.

The 'Recognition' and 'Provisioning' parts of our asset cycles have been completed. We are now deep in the 'Resolution' part of the cycle. We are deploying the following tools for resolution of stressed assets:

- Monetization of underlying assets
- One-time settlements
- Enforcement via IBC / other means
- Portfolio sales to ARCs in cash and / or Security Receipts (SRs)

We have had good success in our resolution strategies in FY 2023, particularly in Q4. We concluded 4 stressed asset monetization transactions during the quarter, through a combination of asset sale and ARC deals.

As part of these deals the business saw the resolution of a large Non-Real Estate Holdco loan, namely Mytrah. This helped achieve a reduction of reduction of ₹ 1,908 Crores in a single transaction.

We also concluded sale of a NPA portfolio in cash.

Further, we concluded sale of certain stressed assets through 2 separate ARC transactions under 15:85 structure. All the ARC sales have been undertaken at post-provisioning valuations with these, we generated over ₹ 12,500 Crores of cash realisation through accelerated repayments and resolution proceeds from our Wholesale 1.0 portfolio in line with the provisions on these assets.

Additionally, Security Receipts were issued at 63% mark down to face value of underlying assets sold in FY 2023. Post the transactions, we received ₹ 1,364 Crores (i.e. 11% of face value) through Cash Receipts & SRs Recovery.

As of FY 2023, we have an outstanding SRs portfolio of ₹ 3,630 Crores and 44% of the outstanding SRs have Retail loans as underlying assets.

As resolution processes continues, we expect more ARC sales over the next two quarters and related continued enforcement.

WHOLESALE ASSETS: ASSET CLASSIFICATION

Total Assets (₹ Crores)	Q4 FY23	Q3 FY23	Q4 FY22
Stage-1	**25,471**	26,603	38,098
Stage-2	**4,844**	6,598	3,542
Stage-3	**1,530**	3,770[1]	1,993
Total AUM	**31,845**	**36,971**	**43,633**
Total Provisions (₹ Crores)			
Stage-1	**1,143**	1,346	949
Stage-2	**1,341**	1,915	1,351
Stage-3	**847**	2,722[1]	1,158
Total	**3,332**	**5,983**	**3,457**
Asset Quality Ratios (%)			
Provision Coverage Ratio - Stage 1	**4.50%**	5.10%	2.50%
Provision Coverage Ratio - Stage 2	**28%**	29%	38%
Provision Coverage Ratio - Stage 3	**55%**	72%	58%
Total Provisions as a % of Total AUM	**10.50%**	**16.20%**	**7.90%**

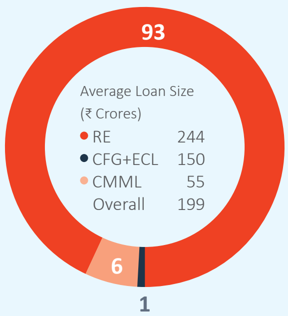
Notes: Prudential write-off of ₹ 644 Crores undertaken during Q4FY23 and ₹ 771 Crores during Q3FY23

[1] Stage 3 of Q3FY23 includes a client group from a non-RE sector which was credit impaired, having an aggregate outstanding exposure of ₹ 1,908 Crores with a total provision of ₹ 1,483 Crores We exited the said exposure in Q4FY23, thereby achieving a reduction of ₹ 1908 Crores in a single transaction.

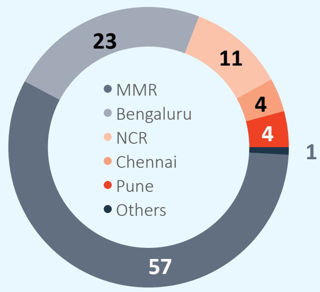
Stage 1 Composition

Total Stage 1 AUM of ₹ 25,471 Crores with an average yield of 10.3%

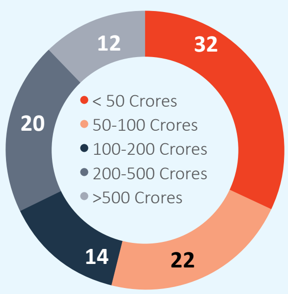
Sector Composition[1]- Over 90% of the book is into Real Estate lending; largely excludes promoter holdco corporate lending (%)



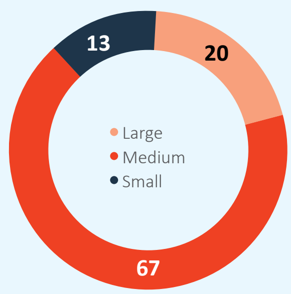
Geographical Exposure[1]- Diversified across multiple geographies (%)



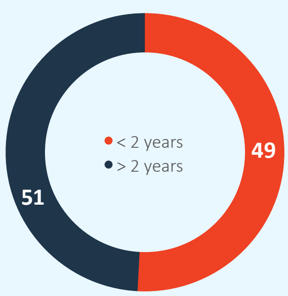
Granularity[1]- 68% of the number of loans are below ₹200 Crores (%)



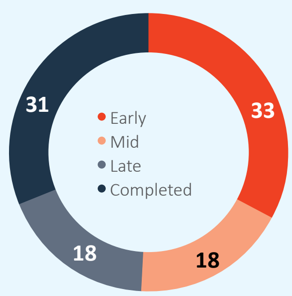
Developer Categorisation[2] - 87% of the book is large and medium developers (%)



Contractual Repayments[1]-49% of Stage-1 repayments expected in less than 2 years (%)



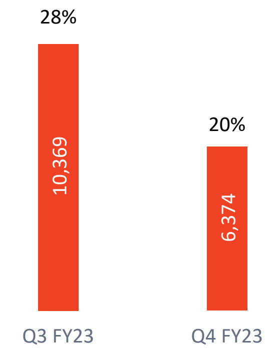
Stage of Construction[2] - 49% of the book is late stage or completed %)



Notes:
[1] Excludes development rights of ₹ 1,335 Crores and DHFL book of ₹ 653 Crores, includes Wholesale 2.0 AUM of ₹ 2,792 Crores
[2] For RE book only
CFG: Corporate Finance; ECL: Emerging Corporate Lending

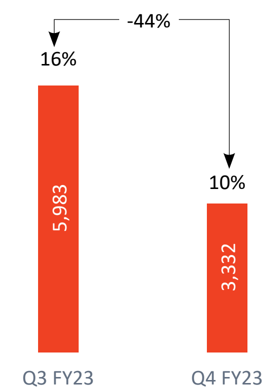
Stage 2+3 Wholesale assets reduced by 39% QoQ

(₹ Crores) % of AUM



Gradually normalizing Wholesale provisioning levels

(₹ Crores) Provision %



Borrowings

MARKET SCENARIO AND KEY DEVELOPMENTS

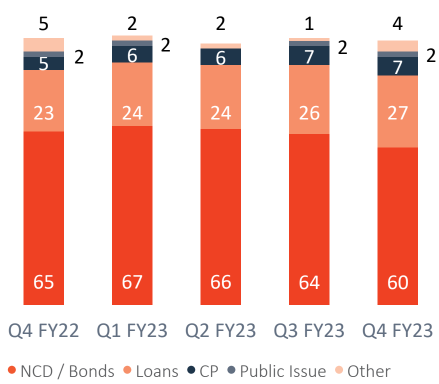
Major Central banks participated in easy liquidity programmes during the critical months of COVID 19. While this helped in preserving demand in advanced economies, supply chain bottlenecks sent inflation skyrocketing across the globe. This was accentuated by geopolitical tensions and weather shocks, forcing central banks to accelerate their path to policy normalisation through steep policy rate hikes and withdrawal of surplus liquidity.

The RBI too shifted to a tighter monetary policy since mid-2022 which was characterised by consecutive hikes of the policy repo rate by 250 bps to 6.5% and draining out excess systemic liquidity, from approximately ₹ 6.5 Lakhs Crores in mid-22 to ₹ 60,000 Crores by early 2023. While the central bank paused rate hikes in Apr'23, full-fledged shift to an easy monetary policy is not expected till inflation inches back towards the targeted level of 4%.

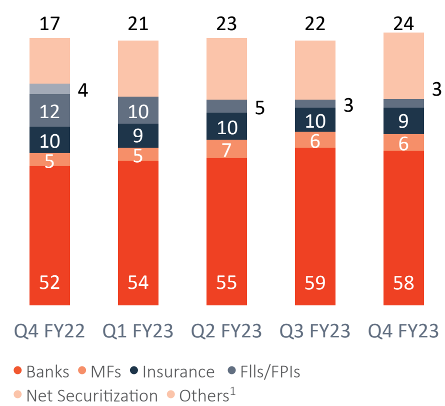
FUNDING SOURCES

The Company sources funds through several sources including term loans, NCDs, Commercial paper, securitisation, external commercial borrowings (ECB) and Public issue of NCDs. The borrowings are primarily long-term in nature, with the predominance of term loans and NCDs in the funding mix.

Breakdown of Borrowing Mix by Type of Instruments (in %)



Breakdown of Borrowing Mix by Type of Lender (in %)



Note:

[1] 'Others' include employee benefit funds, financial institutions (incl. NHB) and Individuals/HUFs/ Corporates and CROMS etc., which contribute 5%, 6%, 12% and 2% respectively, to overall borrowings.

COST OF BORROWINGS

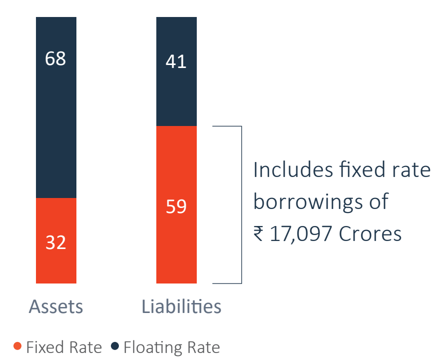
Our overall cost of borrowing has been dropping sequentially with the successful integration of DHFL and balance sheet strengthening. We have successfully reduced the borrowing costs from 10.1% in June 2021 to 8.6% in March 2023 despite a substantial increase in the market interest rates. With 59% of our total borrowings as 'fixed rate liabilities' and 32% of assets at fixed rate, as of March 2023, PEL is well positioned to navigate the rising interest rate environment. Further, cost of borrowings is expected to remain stable over time, as we continue to make the loan book more diversified and granular.

Average Cost of Borrowings improved during the year (%)

Maturity of Borrowings remain above 3 years

In years, weighted average on a residual basis

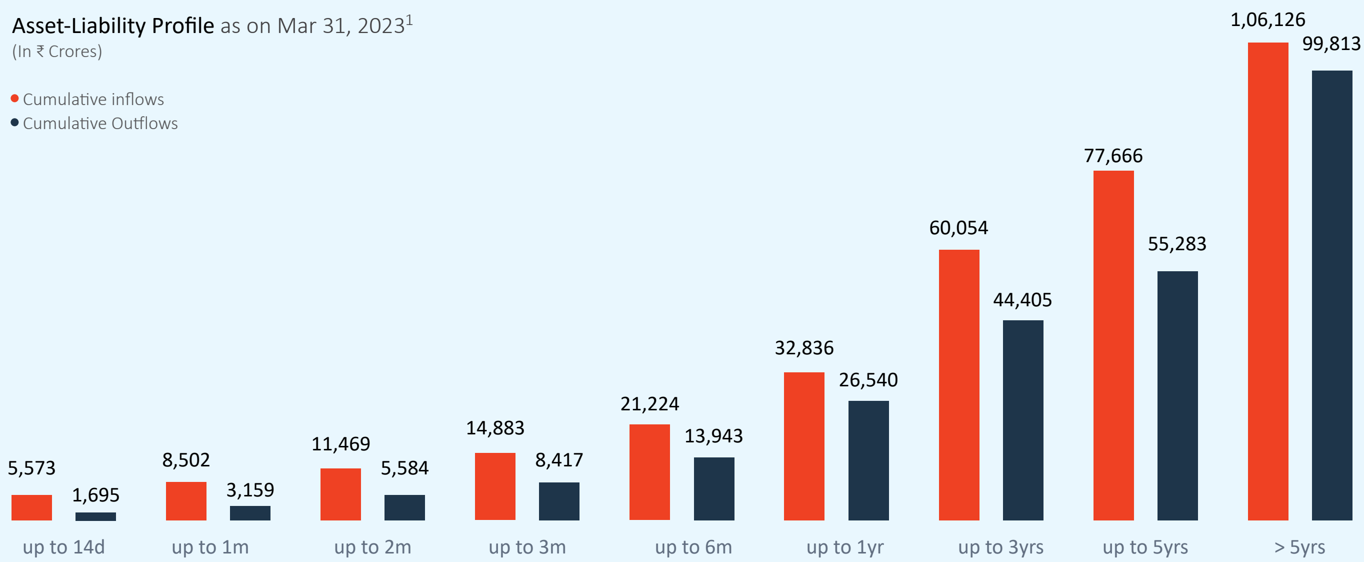
Balanced Fixed: Floating Rate Mix in current rate environment (%) As of Mar-2023



ASSET AND LIABILITY MANAGEMENT (ALM) PROFILE

As of March 31, 2023, the ALM profile reflected significant positive gaps across all time-period buckets within the norms stipulated by the RBI.

Asset-Liability Profile as on Mar 31, 2023[1]
(In ₹ Crores)

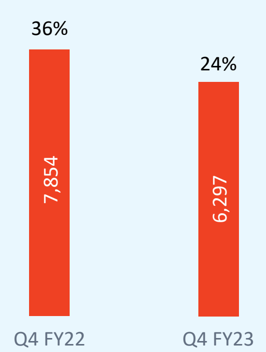


Cumulative GAP² (%)

up to 14d	up to 1m	up to 2m	up to 3m	up to 6m	up to 1yr	up to 3yrs	up to 5yrs	> 5yrs
+229%	+169%	+105%	+77%	+52%	+24%	+35%	+40%	+6%

Notes: (1) Based on static ALM for wholesale and behavioral ALM for the retail portfolio
(2) Cumulative GAP (%) = Net flows (i.e., cumulative inflows-cumulative outflows) as a % of cumulative outflows

Maintaining healthy Cumulative ALM GAP[1] (up to 1 year)
(In ₹ Crores period-end) GAP%



CAPITAL ADEQUACY RATIO

As of March 31, 2023, the capital adequacy ratio for the financial services business stood at 31% as compared to 21% as of March 31, 2022. The yoy change in capital adequacy reflects the impact of DHFL acquisition, which was a major step towards efficiently optimising and deploying capital. With net debt-to-equity of 1.3x as of March 2023, PEL remains amongst the most well-capitalised, sizeable NBFCs in the country.

Alternatives

Our alternatives platform is a fund management business with long-standing partnerships with marquee investors and committed capital of ~USD 1 billion. The fund management business provides customised financing solutions to high-quality corporates through:

'Piramal Credit Fund', a performing, sector-agnostic credit fund with capital commitment from CDPQ; and 'India Resurgence Fund' or 'IndiaRF', a distressed asset investing platform with Bain Capital Credit, which invests in equity and/or debt across non-real estate sectors.

As the Indian economy evolves, Piramal Alternatives looks to be a significant provider of customised financing solutions to high-quality corporates that are looking to maximise their growth.

Piramal Alternatives enjoys a validated track record with strong relative performance and multiple realizations across asset classes and has collaborated with several best-in-class global investors. We have built a highly experienced team with senior professionals who have collectively overseen the growth of the platform to address the unique challenges of investing in India

Fund	Partner/Co-sponsor	Committed/Deployed Capital	Investment Strategy
Piramal 'Performing Credit' Fund	Caisse de dépôt et placement du Québec	~USD 1 billion Funds committed; >70% deployed	*Performing credit mandate across mid sized corporates*
IndiaRF (Stressed Asset Fund)	BainCapital CREDIT		*Leverage the opportunity to invest in distressed assets*

PIRAMAL CREDIT FUND (PCF)

Piramal Credit fund, a performing credit fund is a sector-agnostic fund with a substantial capital commitment from CDPQ (Caisse de dépôt et placement du Québec) to invest in mid to large-sized corporates across sectors. This is a performing credit fund looking to deliver higher risk adjusted returns whilst extending secured credit to mid-market companies and situations.

PCF focuses its investments primarily in sectors such as manufacturing, financial services, consumer, chemicals, healthcare, pharmaceuticals, logistics, services including IT & ITeS etc. with a particular emphasis and focus on companies with a history of cash generation in respective businesses.

INDIA RESURGENCE FUND (IndiaRF)

IndiaRF is a leading India-focused distressed investment platform, sponsored by PEL and Bain Capital Credit, which seeks to provide attractive, long-term, risk-adjusted returns to investors primarily by providing flexible capital and customized solutions to mid-market companies which are in stress or distress (in bankruptcy or outside) with an objective to effect a transformation and turnaround in the underlying business, backed by deep operational engagement.

The fund targets to invest across diverse sectors from industrial to infrastructure to consumer, where a turnaround of particular business from recapitalisation and operational turnaround can be scripted, on back of attractive positioning of such business on the competitive landscape.

The platform leverages on the combined strength of Bain Capital's global acumen and PEL's deep in-country experience, goodwill and reputation, to create and offer attractive value propositions for global marquee investors. We are currently investing from our IndiaRF Fund I, raised from marquee international institutional investors and family offices. IndiaRF has the ability to provide additional capital through co-invest arrangements with its Sponsors and Investors to address the capital requirements of its investee companies.

IndiaRF seeks to make investments in assets which are in stress, distress or relative underperformance s through purchase of existing debt and equity securities through bankruptcy courts or directly from lenders or newly issued securities, so as to take control over the turnaround of such assets.

IndiaRF has the unique ability and expertise to deploy flexible capital through bespoke structures that are tailored to each business that it invests in. The success of this platform is built on a highly rigorous approach that utilizes deep industry/company insights and significant engagement to drive holistic turnarounds.

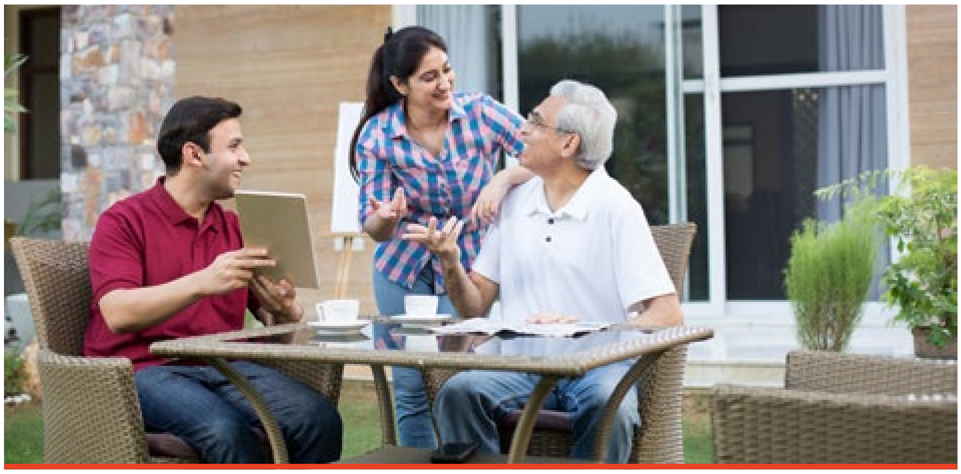
Life insurance JV

As a part of DHFL acquisition, the Company also acquired a 50% stake in Pramerica Life Insurance (PLI), which is a joint venture (JV) with Prudential International Insurance Holdings.

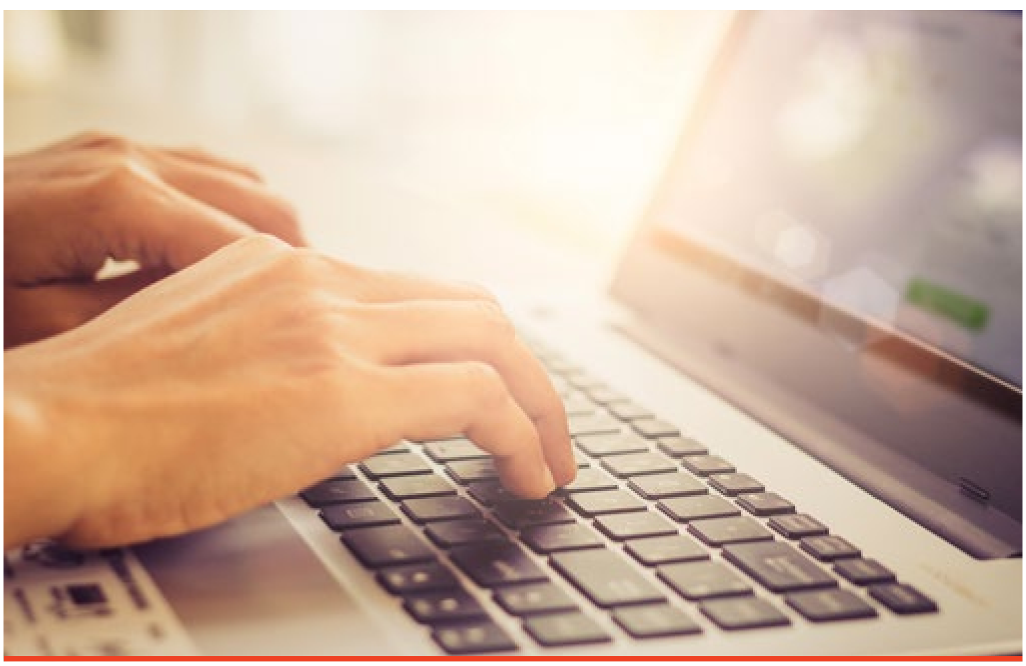
PLI is an industry leader in the defence segment, which contributes 68% to PLI's Annual Premium Equivalent (APE). It has a customer base of 3.43 Million and a vast distribution network, comprising of 14,857 agents and 130 branches across 28 states / union territories in India.

In FY 2023 PLI was the fastest growing Life Insurance company with a growth rate of 129% on the basis of overall New Business Premium (NBP).The business reported Gross Written Premium of ₹ 1,495.4 Crores in FY 2023, and its Embedded Value stood at ₹ 1,931 Crores as of March 2023. Additionally, for FY 2023, the Claims Paid ratio stood at 98.8%, and the Persistency Ratio (13th month) stood at 78% – which have remained broadly consistent for the last five years.

Given PLI's robust balance sheet, Solvency Ratio of 369% as of March 2023, we aim to drive growth of this business in the coming years.



Investments in Shriram Group



Pursuant to the restructuring of Shriram Group, PEL received shares in the multiple Shriram group companies. We own 8.34% in Shriram Finance Limited which is the listed entity. We also own 20% stake in each of the three holding companies namely Shriram GI Holdings Private Limited, Shriram LI Holdings Pvt Limited and Shriram Investment Holdings Limited. Pursuant to this, we effectively own 13.33% in Shriram General Insurance Company Limited and 14.91% in Shriram Life Insurance Company Limited.

Our Sustainability Journey

INTRODUCTION TO ESG

We are proud to be a mission-driven company – devoted to creating a positive impact. Our purpose of 'Doing Well and Doing Good' fuels our long-standing commitment to promoting overall development of all our stakeholders. The fundamental values that PEL cherishes, namely 'Knowledge', 'Action', 'Care', and 'Impact', hold paramount importance in shaping the organization's identity and influencing its conduct. These values provide guidance for all employees, customers, and partners to undertake positive actions that align with the company's brand.

As a part of our Sustainability strategy, we are taking significant and concrete steps towards driving environmental, social, and governance (ESG) progress.

SUSTAINABILITY STRATEGY

The acquisition of Dewan Housing Finance Corporation Ltd. (DHFL) accelerated PEL's vision to focus on serving the financial needs of the unserved and underserved customers of our country especially in tier 2, 3 and 4 cities. The Company's objective is to foster the growth in the years to come and have a positive impact on the lives of the masses by promoting better and more secure lifestyles.

The Company has deployed a holistic and proactive approach considering the economic, social, and environmental dimensions of sustainability.

The sustainability strategy deployed by PEL includes specific goals and actions, which address a broad range of material issues, including reducing greenhouse gas emissions, promoting employee well-being, and enhancing stakeholder engagement. We have categorised the focus areas in four major pillars.

The four strategic pillars within the ESG strategy framework outlines the key components that fosters company's sustainable growth. By these fundamental pillars, PEL has identified primary ESG focus areas that are essential to its business. Each focus area has KPIs developed to help in creating and implementing effective measures that enable it to generate maximum value for its stakeholders.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder consultations play a crucial role in determining the material topics for PEL. PEL recognizes the importance of being resilient in a rapidly changing business environment and has taken proactive steps to mitigate potential risks.

PEL identifies and prioritizes key stakeholders based on relevance, role, and influence. Relevant teams establish engagement channels to provide stakeholders with accurate information, feedback, and access to resolution mechanisms. Internal stakeholders include employees, senior leaders, managers, and the Board of Directors, while external stakeholders include customers, investors/shareholders, regulatory bodies, industry bodies and the community at large.

During the year, PEL conducted an ESG materiality assessment in line with external developments related to ESG reporting and our new sustainable strategy. The process involved extensive research into relevant ESG topics and frameworks, and validation with internal stakeholders and subject matter experts. By analyzing the feedback received from stakeholders during the engagement process, PEL has prioritized the aspects based on a risk and responsibility matrix to identify material topics based on which sustainability strategy was formulated.

Doing Well and Doing Good

Impactful Growth

Financial Inclusion

Sustainable Finance

Operational Eco-efficiency

Resilient Technology

Data Privacy

Cyber Security

Digitalisation

Social Stewardship

Human Capital Development

Community Development

Customer Satisfaction

Governance Excellence

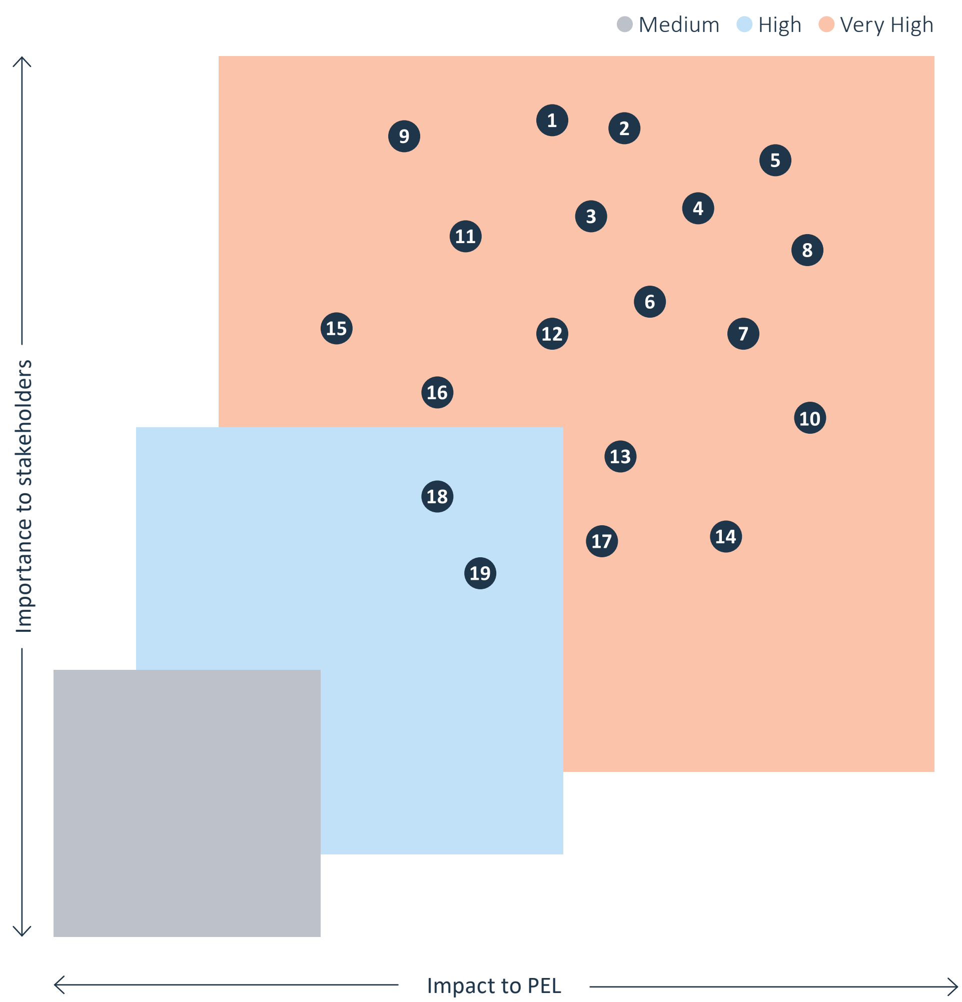
ESG Risk Management

Corporate Governance

Brand Reputation & Communication

MATERIALITY MATRIX

The foundation of ESG strategy framework is identifying key material aspects, which are critical to business operations as well as stakeholders. PEL's materiality assessment was conducted in accordance with the requirements of the Global Reporting Initiative (GRI) Standard, and in consultation with internal and external stakeholders. The materiality matrix is based on 19 key material aspects identified through peer benchmarking, leadership dialogues, ESG standards and ratings, and stakeholder engagement. These aspects are mapped based on their 'impact on the organization' and 'stakeholder influence', to prioritize our business focus and contribute to sustainable development and growth in alignment with relevant UN SDGs. The identified key material aspects based on their priority to business and stakeholders are showcased in the matrix.



1 Corporate Governance & Compliance
2 Risk Management
3 Data Security & Privacy
4 Community development
5 Talent attraction & retention
6 Sustainable Finance
7 Ethics & Values
8 Diversity & Inclusion
9 Economic performance
10 Brand reputation & management
11 Responsible Lending
12 Financial Inclusion
13 Employee Well-being
14 Digitalisation
15 Customer satisfaction
16 Stakeholders engagements
17 Climate Strategies and Emissions Management
18 Human Rights
19 Energy and Waste Management

ESG HIGHLIGHTS

~ 3 Million
Customer base

404 branches
Across India

12,000+
Employees

10,000+
New employees recruited

2,700+
beneficiaries of financial literacy programs

50,000+
Employee training person hours

1,24,378
women empowered by all our loan products

73,400+
existing customers across affordable housing segments

5/14
women directors on Board

113 Million
lives touched through CSR activities

~ ₹ 22 Lakhs
Pages saved due to digital loan processing

ENVIRONMENT

PEL is committed to reducing its carbon footprint as part of its responsibility towards sustainability. We take a holistic approach towards environmental matters, aiming to use natural resources sustainably while making a positive impact. PEL has been on a sustainability journey for the past few years, with a focus on being environmentally conscious. Various measures have been adopted in our offices to reduce our environmental footprint. We are working towards setting ambitious targets for emissions reduction and energy efficiency and are continuously exploring new ways to integrate sustainability into our operations. We also educate our employees, business partners, consumers, and supply chain vendors on the importance of living a sustainable lifestyle.

WASTE MANAGEMENT

To promote safe and responsible recycling and disposal of all waste generated by its corporate offices, PEL has adopted the 5R waste hierarchy to manage resources including paper and e-waste, promoting responsible usage and disposal. The company identifies obsolete IT assets and recycles them with industry-leading protocols. The digitization initiatives have reduced paper usage, with a 60% decrease in loan processing.

WATER CONSUMPTION

PEL recognizes the importance of conserving water and is committed to promoting sustainable practices. Our water consumption is limited to offices and branches, where we have implemented measures to reduce usage, such as installing sensor-based taps in corporate office washrooms and monitoring consumption to identify areas for improvement. By FY 2024, we aim to increase awareness of water-saving initiatives across all branches. In the future, we plan to explore the use of recycled water in washrooms by FY 2026, which we believe will help us conserve water and reduce waste.

ENERGY EFFICIENCY AND EMISSIONS MANAGEMENT

PEL is focused on pursuing initiatives that minimize emissions, enhance energy efficiency, and optimize energy mix, all while striving to meet global scientific community targets for long-term sustainability. Most of the energy consumption is attributed to electricity and fuel used in owned vehicles. To address this, the company has installed energy-efficient LED lighting and signage boards. All new branches are also fitted with invertor air-conditioning with R-22 refrigerant. The Company is internally assessing the potential for efficient equipment and alternative energy sources at branch offices. The deployment of video conferencing technologies has allowed the company to reduce air travel and associated emissions. In addition, efforts are being made to transition company activities and processes to digital platforms wherever possible.

The company is also actively monitoring emissions, energy consumption trends to identify energy-saving opportunities. It will conduct energy audits at all HO/regional offices and branch locations in phased manner and assess the possibility of green building certifications, retrofitting of energy-efficient equipment and appliances across locations and installation of smart sensors to switch on/off lights and other appliances. The company will set targets for reducing absolute GHG emissions (Scope 1 and 2) in the following years, in line with SBTi requirements.

Parameter	Unit	FY 2022-2023
Total Scope 1 emissions*	tCO_2e	62.5
Total Scope 2 emissions *	tCO_2e	5,620.23

*The above information is based on actual data of four corporate offices and 337 branches for FY 2023. To account for the remaining branches, extrapolation was performed using the average of available data.

Sustainable Finance

The global market for green finance has grown significantly in response to the climate crisis and COVID-19, with investors and businesses recognizing the financial services sector's critical role in promoting a socially responsible economic recovery and transitioning to a more sustainable, low-carbon economy. As one of India's leading construction finance companies, we offer loans to major construction developers, with a particular focus on financing projects that support environmental sustainability and energy efficiency. One of our primary objectives is to fund green building initiatives. We currently have 6 such projects in our existing portfolio.

SOCIAL

PEL acknowledges its role in enabling India's growth story and its impact on millions of Indians. We remain dedicated to delivering long-term value to all stakeholders, serving our clients, empowering our communities, collaborating with partners, and nurturing our staff through the lens of sustainable impact. Using our tech-enabled backbone, we strive to connect with them progressively, sustainably, and promote growth.

HUMAN CAPITAL DEVELOPMENT

We understand that the growth of our company is inextricably linked to the growth of our employees. Therefore, we strongly support and provide individualized support and development to each of our employees. We aim to discover, cultivate, and empower talented employees, recognizing that everyone has their unique strengths and purpose. We prioritize the development of our employees through our personnel management system, including succession planning to prepare capable individuals for key responsibilities.

We acknowledge that the needs of our employees are evolving, and we regularly review current talent practices and assess how our work environment can attract and engage talented individuals. Some of the key initiatives to help us develop, grow and support our workforce are:

- The Piramal Learning University Virtual Campus which hosts over thousands of self-directed learning courses for all employees amongst other programmes.
- Career Opportunity Program (COP) that enables employees to apply for their next career move. Through the COP, the Company was able to close over 200 open positions that were filled by internal movement.

Further, following initiatives are implemented to promote health and well-being of employees:

- Health evaluation program that includes periodic assessments for employees and contractors; the results of which are used to provide regular interventions and proactive lifestyle change management to employees.
- Enhanced healthcare benefits that include therapies and related sessions as part of the base Mediclaim policy.
- Second innings initiative aims to reintroduce experienced female workers to the organization who have previously taken a sabbatical from their professions.
- Gender-neutral leave policy for primary caregivers, as well as a 'Parental Support Scheme' applicable to all employees.

Our people and business have transformed significantly over the past years. Each of them has championed every initiative and program – helping us achieve extraordinary things.

DIVERSITY & INCLUSION

PEL values diversity and inclusiveness in its workforce and is committed to providing equal opportunities and respect to all employees, regardless of their background. PEL strives to maintain a gender-balanced workforce and ensures complete gender pay parity across all levels.

EMPLOYEE ENGAGEMENT

We engage with every member of our workforce through various strategies, such as policies, training, and recognition programs. We believe that creating a positive and stimulating work environment is essential for a company's success, and has a high impact on an employee’s well-being.

We use a variety of engagement techniques to communicate our objectives, inspire employees to put forth their best effort, and respond to any concerns or grievances they may have.

ENGAGING EMPLOYEES WITH PROJECT NEEV

Project Neev is a collaborative effort between Retail Finance and Piramal Foundation – ADC (Aspirational Districts Collaborative) team to work together in aspirational districts of India. The project was initiated in October 2022 with the aim to understand each other's work through immersion and reverse immersion visits. During immersion, the Retail Finance team visited aspirational districts to gain a better understanding of the work being done by Piramal Foundation, while reverse immersion involved the Foundation team members visiting Retail Finance offices to understand their processes and capabilities.

SOCIAL

CORPORATE SOCIAL RESPONSIBILITY

PEL supports Piramal Foundation's 5 Big Bets which use a platform-and-partnership approach to serve disadvantaged populations and create lasting change in India through leadership development, digitization, and youth involvement. It prioritizes empowering marginalized communities across India with our core values of Knowledge, Action, Care, and Impact. Through various CSR projects, PEL aims to improve the quality of life sustainably. Over 15 years, PEL has worked in 112 Aspirational Districts.

Strategy	Program	Impact Outcomes	SDG	Key Partners
Improve lives of 180 Million citizens of 112 Aspirational Districts and 100+ Million tribal people in tribal districts to enable them to benefit from India's growth story	Aspirational Districts Collaborative	• Health and nutrition: Established 12,000+ model Village Health Sanitation Nutrition Day (VHSND) sites • Education: Established ~5,020 demo schools, supported 620,000 new student enrollments, re-enrolled 127,000 school dropouts and achieved 12-17% improvement in Student Learning Outcomes • Water conservation: Strengthened 300+ Paani Samitis by mobilizing 35,000+ members in 25 districts	3 Good Health and Well-Being, 4 Quality Education, 6 Clean Water and Sanitation	NITI Aayog
	Anamaya, the Tribal Health Collaborative	• Community Participation: Engaged with 21,041 tribal healers and 140 local NGOs • Strengthen public health systems: Supported 452 health facilities in 36 Tribal districts • Launched an intensive active case finding campaign in 174 tribal districts covering 1.65 Crores tribal people and diagnosed over 10,000 new TB patients	3 Good Health and Well-Being	Ministry of Tribal Affairs, Ministry of Health and Family Welfare, BMGF & USAID, National Institute of Research in Tribal Health
Develop the nation's youth	Piramal Academy of Sewa	• Deployed diversified batch of more than 1,700 Gandhi Fellows and 178 Karuna Fellows • 169 Karuna fellows placed • Current batches of more than 1,000 Gandhi Fellows are deployed in multiple programs and spearheading change in multiple geographies in India	4 Quality Education, 5 Gender Equality, 8 Decent Work and Economic Growth	
Strengthen government capacity through leadership development and digitisation	Digital Bharat Collaborative	• AMRIT; Developed and deployed AMRIT, an Electronic Health Records platform which drives quality delivery of services across public primary healthcare at scale • Digitized 42 Primary and Secondary Health Facilities, Built state's digital capacity by empowering ~3,200 district and block officials and ~13,800 frontline workers	3 Good Health and Well-Being	Government, BMGF
	Piramal School of Leadership	• Built 'Sewa Bhaav' amongst education leaders and trained and empowered ~29,000 district to cluster level education officials • Enrolled and trained ~640+ health leaders	3 Good Health and Well-Being, 4 Quality Education	Government

Project Sampoorna promotes Social and Emotional Learning (SEL) among children in all 24 districts of Jharkhand. The program involves demonstrating innovative SEL approaches, building the capabilities of teachers and principals, and driving systemic change in the education system. The program uses a unique operating model that involves collaborating with six partners (Kaivalya Education Foundation, Dream a Dream, Quest Alliance, Porticus, IDInsight, and Sattva) to form a consortium which receive overall support and mentorship from the JEPC and JCERT. The impact of SEL interventions has been acknowledged by the Department of School Education & Literacy (DoSE&L). To achieve the goals of the National Education Policy (NEP) 2020, the state of Jharkhand has decided to launch and implement SEL competencies and skills in students of the School of Excellence / Adarsh Vidyalayas. This has led to the launch of the Harsh Johar curriculum in Jharkhand in November 2022, which aims to impact more than 10 Lakhs students, 18,000 teachers, and 4,500 headmasters across 24 districts.

So far, Project Sampoorna has achieved the following impacts:

312 State Resource Group and District Resource Group members trained to deliver School Health & Wellness Program (SHWP) modules, reaching over 30,000 teachers.	**4,000 district and block officials oriented on basic concepts of SEL through webinars and workshops.**	**Around 65,000 teachers oriented on SEL through DIKSHA course, webinars, and intensive training.**	**20,000 parents engaged in their role for children's wellbeing through IVRS and webinars.**	**25,000 adolescents engaged on SEL through webinars, in-school engagement, and activity booklets.**

Buniyadi Shiksha Abhiyan aims to improve foundational literacy and numeracy skills in 112 targeted districts through district administration collaboration, training workshops, community classes, and assessments. The campaign has aligned 110 districts, selected 16,561 demonstration schools, and trained 55,280 middle managers and teachers. Through this initiative, PEL has conducted workshops with 80 teachers of 80 selected Demo schools of 4 blocks at Kalyansingpur and Rayagada zonal block.

Karuna Fellowship Programme has achieved the following impacts:

- Hiring of 12 women in the credit vertical and initiation of a training program for 20 Karuna Fellows to be placed in both Credit and Operations verticals.
- Grown from 35 centers-based associates to a learning platform with over 250 fellows in 2022, since its inception in 2017.

FOSTERING FINANCIAL INCLUSION AND LITERACY

Financial inclusion and literacy is at the core of our business operations. PEL aims to make finance accessible by catering to the needs of underserved people. This is going to be crucial to match the true aspiration of 'Bharat'. PEL supports financial inclusion and literacy, especially for underserved communities, by offering financial services through various initiatives. These efforts aim to help people secure their savings, increase their earning potential, and improve access to education, healthcare, and essential services.

GOVERNANCE

At PEL, we place great emphasis on maintaining a strong culture of governance within our organization, which has been shaped by our core values and is supported by clear policies and procedures for decision-making, risk management, and performance monitoring. This commitment also includes promoting ethical conduct and integrity among our leaders and staff, ensuring transparency through accurate and regular reporting, and actively engaging with our stakeholders to seek feedback and address their concerns. Our goal is to foster a culture of accountability and trust as we work towards fulfilling our mission of supporting the aspirations of a prosperous, empowered, and protected India.

ESG GOVERNANCE

To enhance the corporate governance, Sustainability and Risk Management Committee is set up to oversee the implementation of stricter controls and procedures, facilitate the shift towards a more sustainable economy, and encourage the adoption of technological advancements.

PEL has a ESG structure that is governed by the Sustainability and Risk Management Committee at the apex. This committee meets periodically to provide leadership, review progress on the sustainability goals and targets, and implement initiatives while tracking data and KPIs. The framework emphasizes the company's commitment to transparency, ethics, and accountability in ESG considerations.

Note

As on 31.03.2023, this committee was known as Risk Management Committee (RMC).

However, as on date, the role of the RMC has been widened to include Environment, Social and Governance (ESG) functions and its nomenclature changed to Sustainability and Risk Management Committee w.e.f. May 5, 2023

BOARD OF DIRECTORS

PEL's Board of Directors is dedicated to driving the company's vision, policies, and strategic goals, while also overseeing its overall performance, in line with the ethos of 'Doing Well and Doing Good.' The Board recognizes the value of diversity in its members and its role as the company's stewardship body. By leveraging different perspectives, experience, expertise, gender, and culture, the Board aims to maintain the company's competitive advantage and establish itself as a leading entity. PEL has a Board gender diversity of 36%.

ENTERPRISE RISK MANAGEMENT

PEL has an independent and dedicated Enterprise Risk Management (ERM) system to identify, manage and mitigate business risks. PEL also considers environmental, social, and governance-related risks to create a long-term impact for stakeholders.

Risk management, internal controls and assurance processes are embedded into all activities of the Company. PEL's ERM framework is designed by integrating Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework at its core.

The Risk Management Group (RMG) uses internal models to evaluate credit, market, and concentration risks in its investments and loans. The RMG recommends plans to mitigate these risks. The company has established enterprise-wide limits for lending and delegation of authority to manage transaction and portfolio-level exposure. Matrices for transaction-level approvals are also in place.

POLICIES

PEL aims to sustain its culture of integrity and transparency by regularly enhancing its governance practices including its policies and procedures.

The Company has adopted a robust Code of Conduct to ensure that business is conducted in an open and transparent manner, with trust and confidence. The company also has a Fair Practice Code which sets out our commitment to good, fair, and transparent business practices, and promote a consumer-friendly relationship with the customers.

Further, PEL has implemented following policies:

- Whistle-blower
- Related Party Transactions
- Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons in Securities
- Grievance redressal policy
- CSR policy.
- Nomination and remuneration policy
- Policy For Determining Material Subsidiaries

ESG Policy

PEL recognizes the importance of conducting business in a responsible manner for building trust and credibility among stakeholders. PEL's ESG Policy aligns with its goal of sustainable development and aims to minimize risks and impacts through robust and documented systems. The policy covers all PEL operations and business portfolios and is accessible on the company's website. Our ESG policy vision is to become the best-in-class financial institution that creates long-term sustainable value for stakeholders. Our ESG goals include ensuring profitability with ethical, environmental and social responsibility, mainstreaming ESG practices into business and operations, and getting a head start on emerging ESG issues.

Our policy maintains the objective of creating value for all stakeholders by making prudent lending and investment decisions to support sustainable economic growth. It incorporates ESG considerations into operations, emphasizes on conducting business with integrity and good governance practices, ensures compliance with human rights throughout the entire value chain, establishes effective communication with stakeholders, maintain employee safety and well-being, and focuses on reducing emissions.

DATA PRIVACY AND CYBER SECURITY

We understand that safeguarding privacy and data protection are major concerns for organizations and individuals alike, and we have a long-standing pledge to uphold the protection of personal information and utilize it with prudence.

We have integrated cyber security into our IT security policies and procedures to mitigate risks and have implemented an Information Security Governance Program and regularly reviews policies and processes to protect against insider threats and frauds. We have also implemented an easy-to-understand privacy policy that includes details on how customers can exercise their rights to access, correct, or delete their personal data.

We use real-time AI/ML models in important business decision-making areas such as credit, fraud, and collection management. Our in-house systems are integrated with cloud and third-party service providers through APIs for seamless decision-making. Despite this, the threat landscape is growing with more advanced attacks like ransomware and data breaches.

All our employees are required to complete mandatory gamified online cybersecurity training. Piramal Information Security also conducts phishing assessments and cyber quizzes to test awareness, and sends periodic awareness emails, newsletters, and posters.

DIGITALIZATION

Banks and financial institutions are adopting digitization solutions to modernise their lending business. The continuous developments and innovations for better consumer experience in the lending market are expected to create lucrative opportunities for lending market to grow. The lending industry's growing innovations and the companies' increasing investments for digitalization propel the growth of the market. Further, continued investments in building a robust tech platform and ramping up of digital stacks will ensure healthy growth in this segment.

Our technology team is driving the business transformation with various technology and digital initiatives, promoting energy efficiency and sustainability. Leveraging Robotic Process Automation has helped us automate repetitive manual tasks.

Retail finance scaled the core Loan Origination Platform for new product lines (Used Car Loans, Unsecured Business Loans), and across all erstwhile DHFL branches. We have also set up an in-house software development team in Bengaluru to build digital products that help serve our customers.

PEL has invested in creating AI-based underwriting and fraud models that rely on multiple variables. This enables us to achieve a superior risk ranking system as compared to various credit score models. The customized models reduce subjectivity and facilitate us to make more objective lending decisions. As a result, larger portion of the population can achieve their financial aspirations, such as owning a home, car, or business. PEL has also developed innovative alternate data models. This enables to evaluate borrowers with no credit history with alternative information thereby making finance accessible to first time borrowers.

The digital solutions not only allow the employees to access information on performance and progress, rather they enable them to collaborate and work together remotely, streamline processes and provide them with access to real-time data helping them make more informed decisions.